



# Comprehensive Annual Financial Report

**Fiscal Year Ended June 30, 2012**



**Included in the Higher Education Funds of the State of South Carolina**

# MIDLANDS TECHNICAL COLLEGE

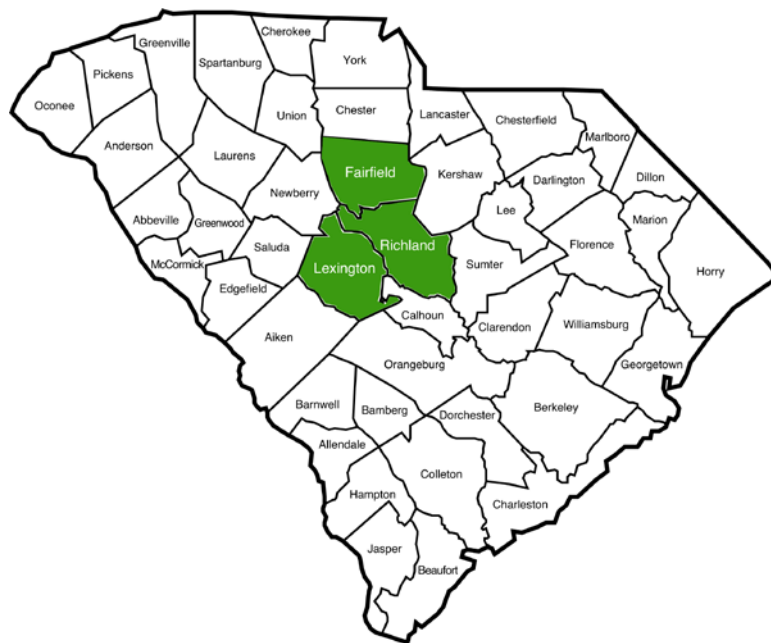
## Comprehensive Annual Financial Report

*Fiscal Year Ended June 30, 2012*

*A college included in the higher education funds of the state of South Carolina*

### *Statement of Mission*

Midlands Technical College is a comprehensive, urban, public, two-year college serving the primary region of Richland, Lexington and Fairfield counties of South Carolina. College programs and services provide accessible, affordable, high-quality post-secondary education that prepares traditional and non-traditional students to enter the job market, preparing them to transfer to senior colleges and universities, and assists them in achieving their professional and personal goals. Through its programs and services, the College equitably provides higher education opportunities and supports the economic growth of the community.



*Prepared by  
the Finance and Accounting Office*

*Dr. Ronald L. Rhames  
Senior Vice President*

*Debbie M. Walker, M.B.A., CGFO  
Associate Vice President for Business Affairs*

*Ian A. MacLean, CPA, CGFO  
Director of Finance and Accounting*



# MIDLANDS TECHNICAL COLLEGE

## Comprehensive Annual Financial Report

*Fiscal Year Ended June 30, 2012*

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## PRESIDENT'S LETTER

September 19, 2012

Members of the Midlands Technical College Commission and the Community:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year 2011-2012. Each year, the College publishes the CAFR to provide relevant information concerning its operations and financial position. While this past year has presented many financial challenges, the College has been able to continue its vital mission by operating efficiently and optimizing limited resources.

Midlands Technical College (MTC) remains one of the largest undergraduate higher education institutions in the state, enrolling approximately 18,000 credit students annually. Seventy percent of MTC students enroll in career programs, including Nursing and Health Sciences.

The College continues to address the region's diverse workforce needs, placing special emphasis on the most critical-need areas. The College was awarded \$5 million from the US Department of Labor, Employment and Training Administration, to fund the College's Growing Resources for Information Technology program. The program will build a training infrastructure to high-growth, high-demand information technology occupations for unemployed veterans, minorities, women and others through a technical skills program that includes on-the-job training for all participants.

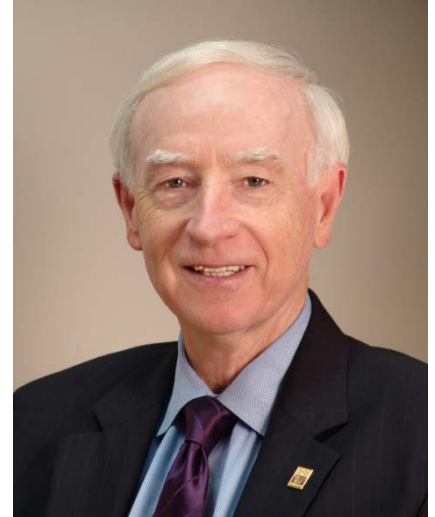
During the past year, the College has made great advancements in its innovative nuclear operator and alternative energy education initiatives. The College is partnering in a \$3 million grant awarded from the National Science Foundation to establish the Regional Center for Nuclear Education and Training (RCNET), which will serve as a curriculum repository and a training and expertise resource. MTC also joined the USC-City of Columbia Fuel Cell Collaborative to help position Columbia, South Carolina, as a leader for fuel cell innovation and technology. MTC has actively participated with the Fuel Cell Collaborative's efforts since its inception in 2006.

This past year was the sixteenth consecutive year Midlands Technical College received the prestigious national award from the Government Finance Officers Association of the United States and Canada for its financial reporting. I am pleased to announce, as detailed in this CAFR, that the College is in a strong financial position.

Respectfully,

A handwritten signature in black ink, reading "Marshall White Jr." in a cursive style.

Dr. Marshall (Sonny) White, Jr.  
President







September 19, 2012

To: Midlands Technical College Commission, the President, the Executive Council and the community served by Midlands Technical College

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Midlands Technical College (the "College") for fiscal year ended June 30, 2012.

State law, federal guidelines and certain debt covenants require an annual audit of the College's financial records. The College has contracted with the independent certified public accounting firm of DeLoach & Williamson, L.L.P., to perform the annual audit of its financial statements and federal awards. The Independent Auditor's Report is included in the financial section of this CAFR and reflects an unqualified opinion on the basic financial statements. As a recipient of federal financial awards, the College complies with the requirements of the Single Audit Act, and separate Single Audit reports have been issued, which are included in the Federal Awards section.

The management of the College is responsible for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the information presented is accurate in all material respects and is comparable to equivalent institutions. All disclosures have been included and will provide the reader with a reasonable understanding of the College's financial activities that support its mission.

The management of the College is responsible for establishing and maintaining the framework of all internal control. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of policies and procedures related to the internal control framework. The system of internal control is designed to ensure that certain organizational objectives are met. Accordingly, organizational structure, policies and procedures have been established to safeguard assets; ensure the reliability of accounting data; promote efficient operations; and ensure compliance with established governmental laws, regulations and policies, College policies, and other requirements of those to whom the College is accountable. The internal accounting control structure is designed to provide reasonable, not absolute, assurance that these objectives are met.

The Management's Discussion and Analysis included in the Financial Section provides a detailed explanation of the

changes in financial reporting from the prior year and the resulting effects of those changes, and should be read in conjunction with this letter of transmittal.

## PROFILE OF THE COLLEGE

Midlands Technical College is one of 16 colleges included in the South Carolina Technical College System. The State Board for Technical and Comprehensive Education, an agency of the State of South Carolina, governs the system. Midlands Technical College is a comprehensive, public two-year institution that serves Richland, Lexington and Fairfield counties in the Central Midlands region of South Carolina. The College has six campuses, three in Lexington County, two in Richland County, one in Fairfield County, and a teaching location at Fort Jackson that serves enlisted personnel and civilians.



The College is partnering in a \$3 million grant awarded by the National Science Foundation to establish a Regional Center for Nuclear Education and Training (RCNET). This regional center will serve as a training resource, curriculum repository, and expertise resource, while improving communications and collaboration.

The College along with nine other South Carolina technical colleges and Clemson University have been awarded nearly \$20 million in federal grant money to help train unemployed, dislocated and incumbent workers for new and emerging technology-based jobs. Approximately \$1.6 million of the funds will go to MTC to support job training for area residents in these critical-need fields. The grant consortium's, Accessible Support Services and Instruction for Sustainable Transition to Work (ASSIST), goal is to help students obtain industry-recognized credentials and degrees,

employment, job retention and family-sustaining wages in high-tech, high-demand jobs.

The College was awarded \$5 million from the U.S. Department of Labor (DOL), Employment and Training Administration, to fund the College's Growing Resources for Information Technology program. The program will build a training infrastructure to high-growth, high-demand information technology occupations for unemployed veterans, minorities, women and others through a technical skills program that includes on-the-job training for all participants. MTC was one of only 43 awardees in the country to receive a grant through this highly competitive process. The \$5 million awarded to MTC was the maximum dollar amount awarded by the DOL to any college in the country.

MTC continues construction of the 82,000-square-foot Engineering Technology and Sciences facility, which is located on the Northeast Campus. The building will be a state-of-the-art classroom and lab facility preparing students for careers in regional technology-based industries. The facility will include the nuclear systems technology program, fuel cell technician program, engineering transfer, and additional engineering technology courses of study. The facility is scheduled to open in the fall of 2013.

The College's governing board, the Commission, is appointed by the Governor of South Carolina upon the recommendation of the legislative delegations from Richland and Lexington counties. There are 12 Commissioners who are appointed for four-year terms. Currently, there are five Commissioners from Lexington County and seven from Richland County. Officers are elected every two years, with the chairpersonship alternated between the two counties.

State law mandates Richland and Lexington counties to provide sufficient funding to build, maintain and operate the College's physical plant. The division of financial responsibility is based on population and is used each year for budget request purposes. The current distribution is 59.44 percent for Richland County and 40.56 percent for Lexington County.

Fairfield County also provides financial support by funding the difference between the in-county tuition rate and the in-state tuition rate for its residents who attend the College. Fairfield County provided 1.1 percent of the total county support for the current fiscal year.

Midlands Technical College is part of South Carolina's primary government and is included in the Comprehensive Annual Financial Report of the State.

The Midlands Technical College Foundation, Inc., (the Foundation) is a nonprofit organization that was formed August 12, 1970, to benefit and support education at Midlands Technical College. It is a legally separate tax

exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. A separate Board of Directors governs the Foundation. The 39-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. The activity of the Foundation is included separately in the College's financial statements.

The Midlands Technical College Enterprise Campus Authority (the Authority) was established in 2004 by S.C. Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59, of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a blended component unit of Midlands Technical College. The Authority was established to provide for the management, development and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast Campus. The Board of the Authority consists of the members of the Midlands Technical College Commission. The activity of the Authority is blended in the financial statements of the College.

The College's strategic planning process includes extensive planning in preparation of the budget. The original operating budget is based on preliminary estimates and is approved by the Commission in May of each year. During its October meeting, the Commission approves the revised budget, which is prepared after major sources of revenue are known.

An annual facility plan, which outlines the needs for operations and maintenance of plant facilities, is used for the budget requests to the counties. A longer-term facility plan is prepared, reviewed and updated annually as the College's initiatives are revised.

The College maintains controls in line-item budgets, budget transfer restrictions and in the use of an encumbrance accounting system. These budgetary controls ensure compliance with the annual budget adopted by the governing board. As demonstrated by the financial statements and schedules included in the financial section of this report, the College's management continues to meet its responsibility for sound fiscal administration.





## ECONOMIC CONDITIONS

In fiscal year 2011–2012, economically the College and other South Carolina higher education institutions fared better than in previous years. The College did not experience any budget declines from the state, however, due to its dependency on tuition and state and local funds, the College will continue to face challenges stemming from public scrutiny of rising tuition, political pressures to keep tuition rates down and from issues of affordability as the nation's student debt burden continues to be on the rise.

During fiscal year 2011-2012, the counties continued to fully support the College's physical plant operations budget request and maintained its commitment to the College's capital and debt-service needs by funding the requested amounts.

The College has undergone a major study of its marketing practices. The study focused on three goals: (1) review of the current marketing and recruitment activities with respect to who the College currently serves, (2) define the current markets and (3) determine how to better provide programs, services, marketing activities, and materials to enhance enrollment and meet the needs of the market segments. Actionable recommendations were made based on the research results and the College is in the process of researching and implementing best practices approaches that will strategically position the College for the future.



The College undertook several major initiatives designed to strengthen its ability to serve students and acquire resources for the College. First, the College is upgrading its telecommunications technology to enable it to fully implement Voice over Internet Protocol (VOIP). VOIP will enable the College to converge data, video and voice traffic onto the same IP networks which will provide significant cost savings while allowing expanded support capabilities for communications with students and the delivery of educational programs and services. The platform will have a positive impact on the teaching and learning environment.

Second, the College has developed plans to create a state-of-the-art facility to house its industrial programs. The industrial programs, such as welding and building trades, are

seen as critical to meet the demand where there are proven living wage jobs in central South Carolina. Many of these skills, which can be acquired in credit and non-credit programs, can help the Midlands-area workforce be more competitive and attract even more jobs to the community. The new center, which requires the renovation of the former ReadySC warehouse on the Airport Campus, will also support the College's QuickJobs program. QuickJobs is a program designed to accelerate training in certain skilled areas via non-credit programs to ready the workforce in a matter of weeks or months.

Third, the Midlands Technical College Foundation (MTCF) is restructuring as it increases efforts to secure resources in support of the College's mission. The MTCF has restructured the board into three comprehensive committees that will focus on finance and investments, development and relations, and strategic planning. To support restructuring of the board, the MTCF had secured the services of a higher education development consultant that will help design and implement a new strategic plan and implement other strategies to increase support.

## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Midlands Technical College for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the College's sixteenth consecutive year receiving this award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report of which all content conforms to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

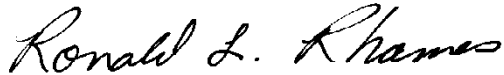
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## ACKNOWLEDGEMENTS

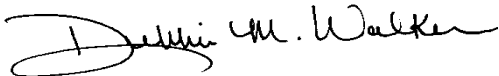
The timely preparation of the Comprehensive Annual Financial Report is a coordinated college-wide effort. We would like to express sincere appreciation to all employees in the Business Affairs Division who contributed to the timely closing of the College's financial records and the preparation of this report; to Institutional Support's Public

Affairs unit for its contributions in design, editing, printing and publication of the document; and to Institutional Support's Assessment, Research and Planning unit for providing statistical data. Our sincere appreciation is also expressed to other individuals who provided information as requested and to our Commission for their support of this initiative.

Sincerely,

A handwritten signature in black ink that reads "Ronald L. Rhames". The signature is written in a cursive style with a large, prominent 'R' at the beginning.

Dr. Ronald L. Rhames  
Senior Vice President

A handwritten signature in black ink that reads "Debbie M. Walker". The signature is written in a cursive style with a large, prominent 'D' at the beginning.

Debbie M. Walker, M.B.A., CGFO  
Associate Vice President for Business Affairs

A handwritten signature in black ink that reads "Ian A. MacLean". The signature is written in a cursive style with a large, prominent 'I' at the beginning.

Ian A. MacLean, CPA, CGFO  
Director of Finance and Accounting

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Midlands Technical College  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Sandson*

President

*Jeffrey R. Emer*

Executive Director

# Midlands Technical College

## Organizational Data

### COMMISSION MEMBERS AND OFFICERS

<u>Commissioner</u>	<u>County</u>	<u>Term Expires</u>
Christopher M. Joye, Chair	Lexington	July 31, 2015
Randall Jackson, Vice Chair	Richland	July 31, 2015
Robert P. Wilkins, Jr., Secretary	Lexington	November 16, 2012
George P. Powers, Treasurer	Richland	July 31, 2013
Katie M. Bolden	Richland	July 31, 2012
Ronald H. Burkett	Lexington	November 16, 2014
Thomas E. Elliott	Richland	July 31, 2012
Pamela Salley Harrison	Richland	July 31, 2013
Robert C. Lentz	Richland	July 31, 2015
L. Todd Sease	Lexington	May 11, 2015
Peter E. Sercer	Lexington	November 16, 2015
Diane E. Sumpter	Richland	July 31, 2012

### EXECUTIVE COUNCIL

Marshall (Sonny) White, Jr.	President
Ronald L. Rhames	Senior Vice President
Starnell K. Bates	Vice President for Institutional Support
Ronald L. Drayton	Vice President for Academic Affairs
Barrie Kirk	Vice President for Corporate and Continuing Education and Economic Development
Sandra L. Oliver	Vice President for Student Development Services
Tom Ledbetter	Associate Vice President for the Enterprise Campus Authority
Nancy Pedersen	Executive Assistant to the President

### BUSINESS AFFAIRS DIVISION

Ronald L. Rhames	Senior Vice President
Debbie M. Walker	Associate Vice President for Business Affairs
Stanley Bolton	Director of Auxiliary and Support Services
Katie E. Fox	Director of Theatre Operations
Craig Hess	Director of Plant Operations
Anthony Hough	Director of Information Resource Management
Ian A. MacLean	Director of Finance and Accounting
Marcia Medway	Director of Internal Auditing
Tim Nelson	Associate Vice President for Development
Crystal Rookard	General Counsel

### COMMISSIONERS



Christopher M. Joye  
Chair



Randall Jackson  
Vice Chair



Robert P. Wilkins, Jr.  
Secretary



George P. Powers  
Treasurer



Katie M. Bolden



Ronald H. Burkett



Thomas E. Elliott



Pamela Salley Harrison



Robert C. Lentz



L. Todd Sease



Peter E. Sercer



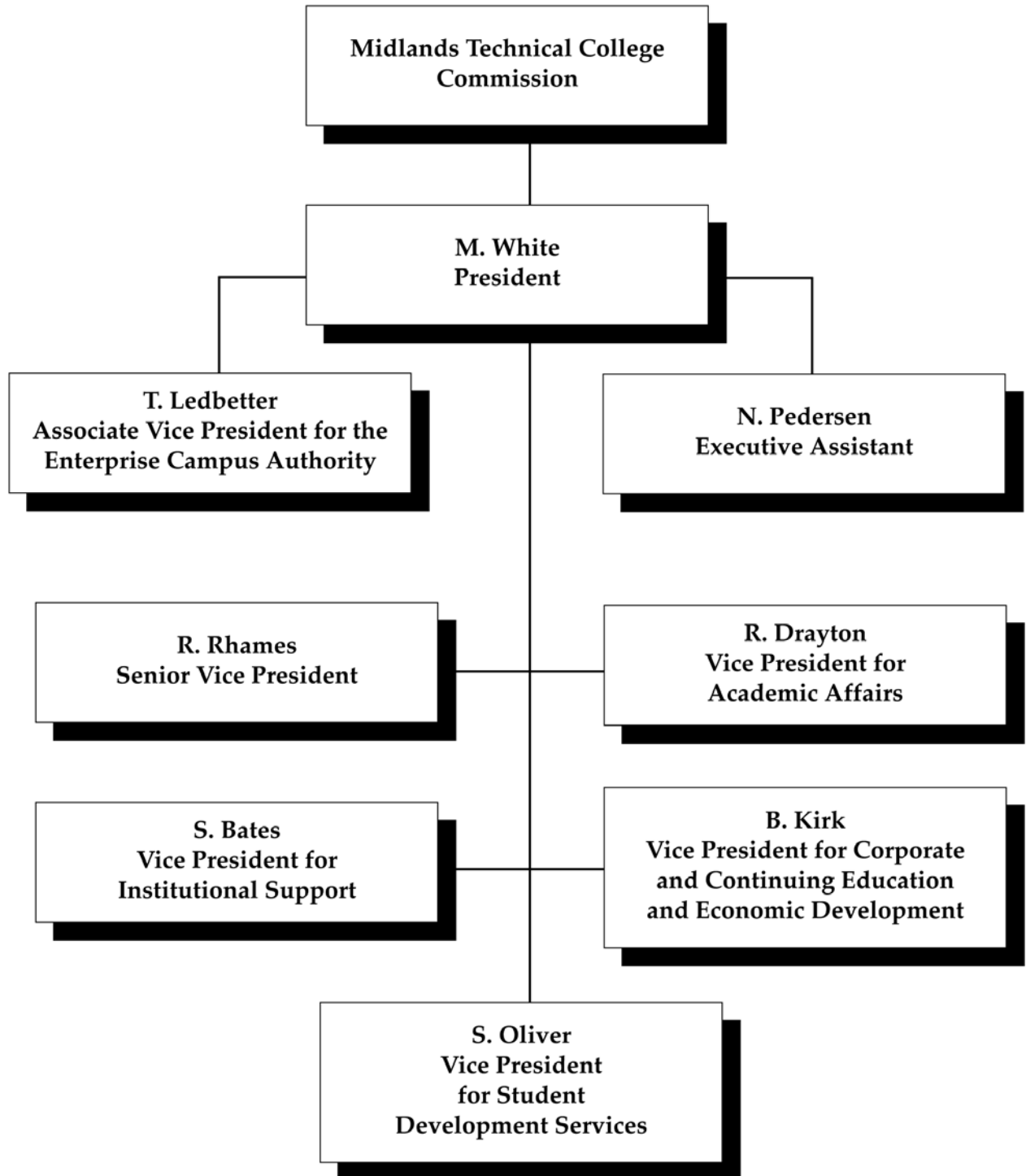
Diane E. Sumpter



Marshall (Sonny) White, Jr.  
Ex-officio Member  
President  
Midlands Technical College

# Midlands Technical College

## Organizational Chart





# Midlands Technical College

## College-Wide Goals and Priority Initiatives

### **Goal 1: The College embraces an innovative learning environment that enhances teaching, learning and individual development.**

#### Priority Initiatives:

1. Define and continuously refine what learning community means to MTC.
2. Develop and strengthen all aspects of programs and services.
3. Provide community access to college and career opportunities.
4. Enhance student retention and goal attainment.
5. Identify and implement student-centered learning enhancements.
6. Promote faculty and staff participation in innovative strategies to enhance the learning environment.
7. Promote global awareness.
8. Integrate diversity and multiculturalism into programs and services.

### **Goal 2: The College prepares a workforce that meets the demands of business and industry.**

#### Priority Initiatives:

1. Align curricula with workforce needs.
2. Develop employability skills.
3. Provide a critical mass of employable students with competencies and credentials to meet employer needs.
4. Promote career planning and adaptability to prepare students for current and emerging career opportunities.

### **Goal 3: The College collaborates with educational and community partners to create seamless curricula and quality services for the diverse population bridging K-12, two-year college and university education.**

#### Priority Initiatives:

1. Expand course offerings, student services and articulation with higher education institutions.
2. Expand collaboration and interaction with area school districts.
3. Enhance education through community interaction and adoption of nationally recognized curricula and standards.

### **Goal 4: The College partners with community constituencies to strengthen the educational, social and economic vitality of the community.**

#### Priority Initiatives:

1. Collaborate with economic development organizations and higher education institutions to increase business and industry development.
2. Expand and strengthen the role of program advisory committees.
3. Seek opportunities for dialogue and interaction to ensure the College is proactive in its participation in advancing the community.
4. Promote learning opportunities that strengthen civic responsibility.

### **Goal 5: The College serves as a catalyst in economic development.**

#### Priority Initiatives:

1. Design and implement innovative, proactive programs to address the needs of the business community and expand the workforce.
2. Promote public/private partnerships and enterprise development.
3. Establish programs to promote entrepreneurship and small business development.

### **Goal 6: The College validates its programs and services through a comprehensive evaluation process.**

#### Priority Initiatives:

1. Develop systemic processes that provide the leadership of the College with information and data to support strategic and operational decision-making.
2. Support the development and use of national and peer comparisons to measure the effectiveness and efficiency of academic and administrative performance.
3. Support department-based research by faculty and staff.
4. Enhance the College's national recognition as a leader in institutional planning, effectiveness, assessment and innovative research concepts.
5. Develop and disseminate information needed to influence the direction of post-secondary education in South Carolina.
6. Develop and implement comprehensive risk management strategies.

### **Goal 7: The College engages in efficient, effective and innovative resource development and management.**

#### Priority Initiatives:

1. Seek partnerships with local agencies and higher education institutions to enhance and leverage resources.
2. Seek and obtain alternate funding.
3. Develop methods to conserve resources and increase revenue.
4. Position the College to maximize state and local support.

### **Goal 8: The College recruits, retains and develops exceptional faculty and staff.**

#### Priority Initiatives:

1. Provide opportunities and funding to ensure the ongoing professional development of faculty and staff.
2. Develop and implement innovative strategies for the recruitment and retention of faculty and staff.
3. Ensure accurate and meaningful communication college-wide.
4. Integrate diversity and multiculturalism into employment practices and professional development.

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DELOACH & WILLIAMSON, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
1401 MAIN STREET, SUITE 660  
COLUMBIA, SOUTH CAROLINA 29201

PHONE: (803) 771-8855  
FAX: (803) 771-6001

**REPORT OF INDEPENDENT AUDITORS**

The President and Members of the Area Commission  
Midlands Technical College  
Columbia, South Carolina

We have audited the accompanying basic financial statements of Midlands Technical College, (the "College"), a member institution of the South Carolina Technical College System, including its blended component unit, the Midlands Technical College Enterprise Campus Authority (the "Authority"), and its discretely presented component unit, Midlands Technical College Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Midlands Technical College, including its blended component unit, the Midlands Technical College Enterprise Campus Authority, and of its discretely presented component unit, Midlands Technical College Foundation, Inc., at June 30, 2012, and the respective changes in financial position and the cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as on pages 13 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Midlands Technical College's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Midlands Technical College's basic financial statements. The introductory section and the statistical section as listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Rebeck & Williamson, L.L.P.*

September 19, 2012

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Comprehensive Annual Financial Report of Midlands Technical College (the College) presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2012.

This discussion should be read in conjunction with the transmittal letter, the College's basic financial statements, the component unit's financial statements and the notes to the financial statements.

### COMPONENT UNITS

The College has included the Midlands Technical College Foundation, Inc., (the Foundation) and the Midlands Technical College Enterprise Campus Authority (the Authority) in its financial statements in accordance with Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The Foundation is reported as a discretely presented component unit of the College. The Statement of Financial Position, the Statement of Activities and relevant note disclosures for the Foundation follow the College's financial statements. The governing body of the Authority is essentially the same board as that of the College and it provides services that benefit the College, although it does not provide services directly to the College; therefore the Authority is reported as a blended component unit and the activity is included in the financial statements of the College.

Complete financial statements for the Foundation or the Authority may be obtained by mailing a request to Midlands Technical College, Associate Vice President for Business Affairs, Post Office Box 2408, Columbia, South Carolina 29202.

### USING THIS ANNUAL REPORT

Midlands Technical College is pleased to present its financial statements for fiscal year ended June 30, 2012. Comparative financial statements are not presented in this report; however, condensed data is presented in this section, which will aid the reader in assessing the changes in the College's financial position since last year. The emphasis of discussions regarding these statements will focus on the current year.

The College is engaged only in Business-Type Activities that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and Statement of Cash Flows. These statements present financial information in a format similar to that used by the private sector.

### STATEMENT OF NET ASSETS

The Statement of Net Assets provides a snapshot of the College's assets, liabilities and net assets at the end of the fiscal year. It provides the reader with information concerning the institution's ability to continue its operations and to determine its financial stability.

Assets and liabilities are separated into current, those that are due or to be paid within the current year, and non-current, those that are longer term in nature. Net assets represent the difference between total assets and total liabilities and provide information, in part, concerning any amount available to be spent by the institution.

Net assets are divided into three major categories. The first category, *invested in capital assets, net of related debt*, provides the equity in property, plant and equipment owned by the College. The next category, which is *restricted net assets*, is expendable in nature and is specifically for capital projects and debt service, as indicated. The final category of net assets is *unrestricted*, and not subject to external stipulations. These amounts represent the net assets of the Authority and the College's 30-day operating reserve.

#### Assets

The following schedule is a condensed version of the College's assets, liabilities and net assets and is prepared from the Statement of Net Assets.

#### Condensed Summary of Net Assets As of June 30, 2012 and 2011 (in millions)

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current Assets	\$ 88.9	\$ 80.9	\$ 8.0	9.9%
Non-Current Assets				
Capital Assets (Net of Depreciation)	73.3	61.3	12.0	19.6 %
Other	<u>12.1</u>	<u>19.8</u>	<u>(7.7)</u>	<u>(38.9) %</u>
Total Assets	<u>174.3</u>	<u>162.0</u>	<u>12.3</u>	<u>7.6 %</u>
Current Liabilities	12.9	11.6	1.3	11.2%
Non-Current Liabilities	<u>32.4</u>	<u>33.8</u>	<u>(1.4)</u>	<u>(4.1) %</u>
Total Liabilities	<u>45.3</u>	<u>45.4</u>	<u>(0.1)</u>	<u>(0.2) %</u>
Net Assets				
Investment in Capital Assets	49.2	44.5	4.7	10.6%
Restricted for: Expendable	72.9	65.5	7.4	11.3 %
Unrestricted	<u>6.9</u>	<u>6.6</u>	<u>0.3</u>	<u>4.5 %</u>
Total Net Assets	<u>\$ 129.0</u>	<u>\$ 116.6</u>	<u>\$ 12.4</u>	<u>10.6 %</u>

A strong indicator of the financial health of the College for the year is the approximate 7:1 ratio of current assets in the amount of \$88.9 million to current liabilities in the amount of \$12.9 million. The College maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Current assets have increased by \$8.0 million. The overall increase is \$12.3 million in total assets for the fiscal year. The increases in current assets are explained as follows:

- Cash decreased by \$11.6 million.
- Short-term investments comprise approximately \$20.9 million of the increase in current assets over the prior fiscal year.
- Accounts receivable decreased by \$1.1 million primarily due to an increase in the allowable doubtful accounts.
- Prepaid expenses decreased by \$0.2 million from the prior year.

Non-current assets include capital assets net of depreciation and other assets, which is comprised primarily of restricted cash. Capital assets net of depreciation are \$73.3 million for the year, an increase of \$12.0 million from the prior year period. Other non-current assets decreased by \$7.7 million for the year primarily due to bond reimbursements for the construction and expansion of the Northeast Campus. The estimated completion date of this project is October 2013. The changes from the prior year are explained as follows:

- \$12.6 million represents construction in progress for the expansion of the Northeast facility, which is a budgeted project for \$28.1 million. This project will be approximately 82,000-square-feet to include engineering and science labs, classrooms, faculty offices and administrative space. This facility will be the focal point of high technology engineering and science instruction for the College. Engineering efficiency measures are being undertaken to meet Leed silver standard. Other projects located at the Harbison and Airport campuses make up the difference of \$0.1 million to total \$12.7 million.
- Building and improvements increased by \$1.4 million which is primarily updates to the various campuses.
- Depreciation and amortization expense accounted for \$3.1 million.

See Note 5, Capital Assets, for additional information.

The following table contains an analysis of capital assets as of June 30, 2012 and 2011.

**Analysis of Capital Assets  
As of June 30, 2012 and 2011  
(in millions)**

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land and Improvements	\$ 13.4	\$ 13.5	\$ (0.1)	( 0.7)%
Construction in Progress	15.6	2.9	12.7	437.9 %
Works of Art	0.1	0.1	-	0.0 %
Buildings and Improvements	75.1	73.7	1.4	1.9 %
Machinery, Equipment, Vehicles & Other	<u>13.5</u>	<u>13.0</u>	<u>0.5</u>	<u>3.8 %</u>
Total Capital Assets	<u>\$117.7</u>	<u>\$ 103.2</u>	<u>\$ 14.5</u>	<u>14.1 %</u>
Less Accumulated Depreciation	<u>(44.4)</u>	<u>(41.9)</u>	<u>(2.5)</u>	<u>( 6.0) %</u>
Capital Assets	<u>\$ 73.3</u>	<u>\$ 61.3</u>	<u>\$ 12.0</u>	<u>19.6 %</u>

**Liabilities**

Total liabilities are \$45.3 million, which is a decrease of \$0.1 million over the prior fiscal year. Current liabilities increased by \$1.3 million primarily as a result of decreased deferred revenue of \$1.7 million and an increase in accounts payable of \$2.7 million and other liabilities of \$0.3 million.

See Note 12, Bonds and Note Payable, and Note 13, Long Term Liabilities, for additional information.

**Net Assets**

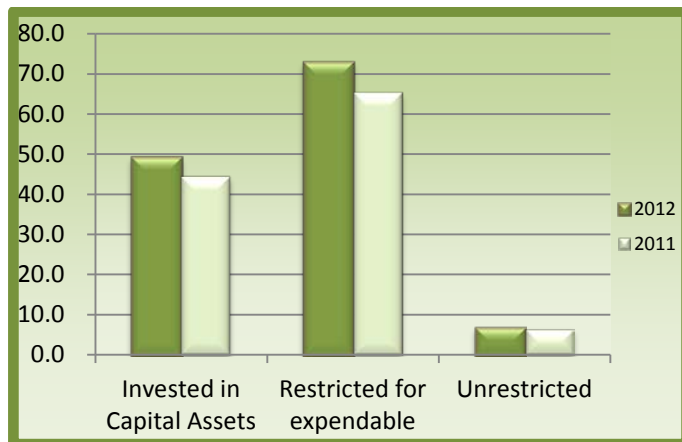
Total net assets for the year are \$129.0 million, an increase of \$12.4 million from the prior year.

Investments in capital assets increased by \$4.7 million. Restricted net assets have increased by \$7.4 million.

Unrestricted net assets increased by \$0.3 million and consist of amounts related to the College's 30-day operating reserve that excludes nonessential expenses totaling \$5.4 million and unrestricted Enterprise Campus Authority funds of \$1.5 million.

The following chart is a graphic representation of the College's Net Assets at June 30, 2012 and 2011.

**Comparative Net Assets**  
As of June 30, 2012 and 2011  
(in millions)



## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses and Changes in Net Assets present and categorize revenues earned and expenses incurred during the year by operating and non-operating. Generally, operating revenues and expenses are those that are received and used to carry out the mission of the College. The College depends heavily on financial support from the state and counties for which services are provided. This support is reflected as non-operating revenue based on governmental accounting standards. The College will always reflect an operating deficit due to the dependence on state and local funding. Non-operating revenues and expenses offset the operating deficit and result in an overall increase in net assets for the year. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "income before other revenues, expenses, gains or losses."

### Operating Results

The following schedule summarizes the College's operating results for fiscal year ended June 30, 2012, with comparative data for fiscal year ended June 30, 2011. Certain amounts in the prior year have been reclassified to conform to current year presentation.

## Condensed Summary of Revenues, Expenses and Changes in Net Assets Fiscal Years 2012 and 2011 (in millions)

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues				
Tuition and Fees	\$ 34.2	\$ 33.7	\$ 0.5	1.5 %
Grants and Contracts	13.5	14.9	(1.4)	(9.4)%
Auxiliary	7.1	7.5	(0.4)	(5.3)%
Other	<u>0.6</u>	<u>1.0</u>	<u>(0.4)</u>	<u>(40.0) %</u>
Total Operating Revenues	55.4	57.1	(1.7)	(3.0) %
Less Operating Expenses	<u>96.3</u>	<u>92.8</u>	<u>3.5</u>	<u>3.8 %</u>
Net Operating Loss	(40.9)	(35.7)	(5.2)	(14.6) %
Non-Operating Revenue				
State Appropriations	14.2	12.7	1.5	11.8%
Local Appropriations	12.8	10.6	2.2	20.8 %
Grants and Contracts	26.6	28.5	(1.9)	(6.7) %
Other	<u>0.8</u>	<u>0.2</u>	<u>0.6</u>	<u>300.0 %</u>
Total Non-Operating Revenue	<u>54.4</u>	<u>52.0</u>	<u>2.4</u>	<u>4.6%</u>
Interest Expense	(1.1)	(0.7)	(0.4)	(57.1) %
Increase in Net Assets	12.4	15.6	(3.2)	(20.5) %
Net Assets, Beginning of Year	<u>116.6</u>	<u>101.0</u>	<u>15.6</u>	<u>15.4 %</u>
Net Assets, End of Year	<u>\$ 129.0</u>	<u>\$ 116.6</u>	<u>\$ 12.4</u>	<u>10.6 %</u>
Total Revenues	<u>\$ 109.8</u>	<u>\$ 109.1</u>	<u>\$ 0.7</u>	<u>0.6 %</u>

### Revenue

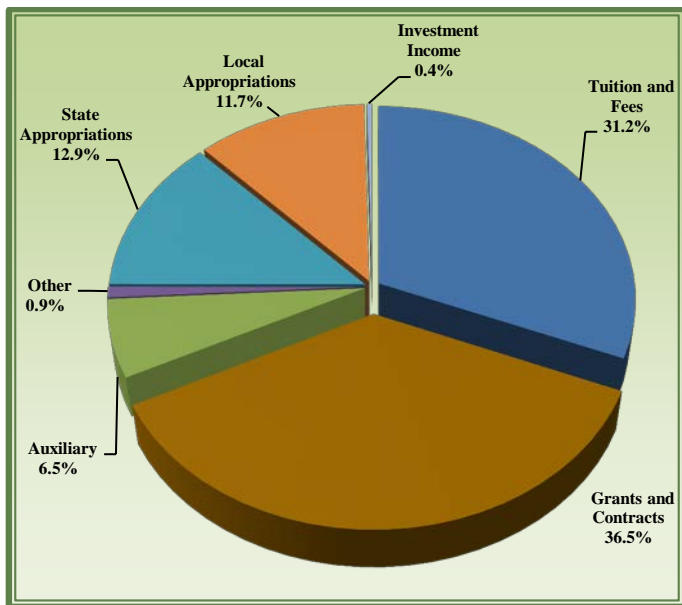
Total revenue increased from \$109.1 million in the prior fiscal year to \$109.8 million, an increase of \$0.7 million or 0.6 percent.

Operating revenue decreased by \$1.7 million, while non-operating revenue increased by \$2.4 million. The increase in tuition and fees is primarily a result of a price increase. Grants and contracts decreased slightly. For auxiliary services, the decrease is primarily due to other available avenues for market share, external to the College. In addition, accounting changes resulted in Pell awards to be classified as non operating revenue, in prior years these awards were classified as operating revenues.

The increases in non-operating revenue were due to an increase in state appropriations of \$1.5 million, local appropriations of \$2.2 million, followed by a reduction in grants and contracts of \$1.9 million.

The following graph represents sources and percentages of revenue to the College for the fiscal year.

### REVENUE BY SOURCE Fiscal year 2012

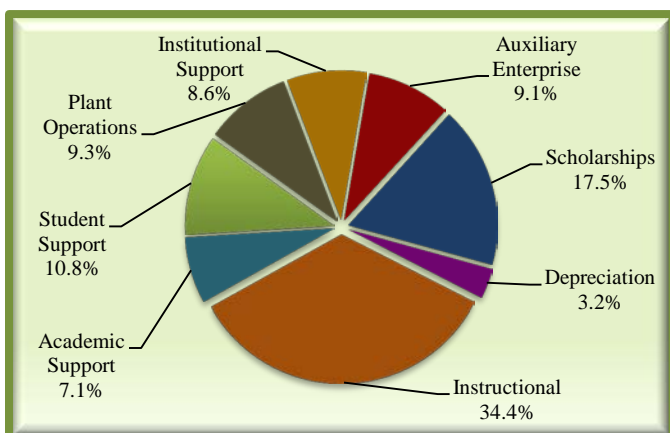


#### Expenses

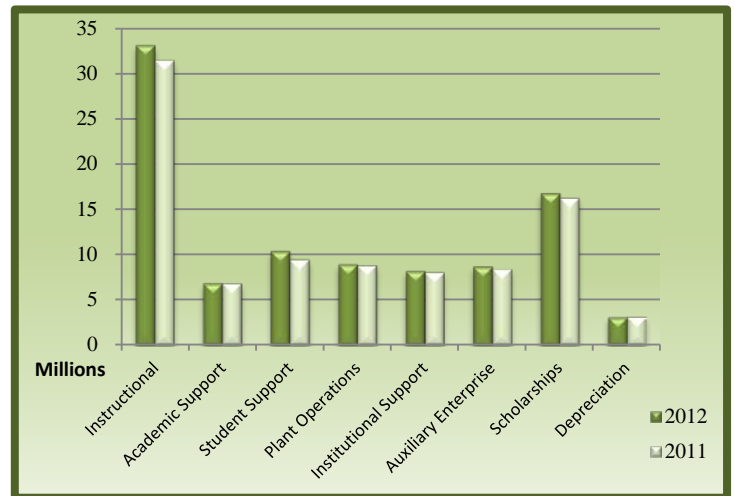
Operating expenses were \$96.3 million for the fiscal year, an increase of \$3.5 million or 3.8 percent over the prior year. Scholarships increased by \$0.5 million, depreciation decreased by approximately \$0.03 million, and supplies and other expenses increased by \$1.2 million compared to the prior year. Salaries and benefits increased by \$1.8 million.

The following graphs depict operating expenses by function for fiscal year ended June 30, 2012, and a comparison of operating expenses by function for fiscal years ended 2012 and 2011.

### OPERATING EXPENSES BY FUNCTION Fiscal Year 2012



### COMPARISON OF OPERATING EXPENSES BY FUNCTION Fiscal Years 2012 and 2011



### STATEMENT OF CASH FLOWS

The Statement of Cash Flows is the final statement to be presented. It presents detailed information about the cash activity of the College during the year and provides the reader with the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement will always show a net use of cash in the section "Cash Flows from Operating Activities" due to the College's dependence on state and local appropriations.

The statement is divided into five parts. The first section reflects the operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-operating financing activities. This section shows the cash received and spent for non-operating, non-investing, and non-capital financing activities. The third section reflects cash flows from capital and related financing activities and shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The final section reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

Cash decreased by approximately \$19.4 million from last year. Net cash flows from operating activities decreased by \$0.1 million.

Cash flows from non-capital financing activity decreased an additional \$0.4 million. Capital and related financing activities decreased cash by \$24.3 million for the Northeast construction and reduced cash for acquisition of capital assets and debt service payments. Net cash used by investing



activities resulted in a decrease of \$20.5 million, a change of \$18.3 million from the prior period.

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**Condensed Summary of Cash Flow**  
**Fiscal Years 2012 and 2011**  
(in millions)

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Net cash flow used by operating activities	\$ (36.6)	\$ (36.5)	\$ (0.1)
Net cash flow provided by Non-capital financing activities	48.8	49.2	(0.4)
Net cash used by capital and related financing activities	(11.1)	13.2	(24.3)
Net cash provided (used) by investing activities	<u>(20.5)</u>	<u>(2.2)</u>	<u>(18.3)</u>
Net increase (decrease) in cash	(19.4)	23.7	(43.1)
Cash – beginning of year	<u>44.5</u>	<u>20.8</u>	<u>23.7</u>
Cash – end of year	<u>\$ 25.1</u>	<u>\$ 44.5</u>	<u>\$ (19.4)</u>

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**Debt Administration**

The College's financial statements reflect \$29,205,000 in (general obligation) bonds payable. These bonds are general obligation bonds of the state backed by the full faith, credit and taxing power of the state. Tuition revenue is pledged up to the amount of annual debt requirements for the annual payment of principal and interest on the bonds.

**Economic Factors**

The economic condition of the College is dependent to a large degree on that of the state and local governments. The current economic climate has impacted the College through reductions in state funding for current operations. Current operations experienced a reduction in state operational funding. Tuition increases related to planned improvement in the financial ability of the College to implement new programs, fund new facilities and provide improved supplies and equipment for the College. Student enrollment has remained relatively stable compared to the prior year. Local government support for the College remains strong and continues to provide funding for ongoing maintenance, renovation, and construction of new facilities. The state's economic outlook for fiscal year 2012-2013 is projected to be stable at this point, with the possibility of a mid-year reduction of 2 percent for state appropriations.

**Requests for Information**

Additional information or questions concerning any of the information provided should be requested from the College's Associate Vice President for Business Affairs at Midlands Technical College, P.O. Box 2408, Columbia, SC 29202, or by email at [walkerd@midlandstech.edu](mailto:walkerd@midlandstech.edu).

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# **BASIC FINANCIAL STATEMENTS**

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**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2012**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 13,080,710
Short-term investments	66,460,948
Accounts receivable, net	6,244,164
Inventories	2,588,060
Other assets	<u>564,562</u>
Total current assets	<u>88,938,444</u>

Non-current assets:

Restricted cash and cash equivalents	12,075,016
Capital assets:	
Depreciable, net of accumulated depreciation	52,402,410
Non-depreciable	<u>20,918,059</u>
Total non-current assets	<u>85,395,485</u>
Total assets	<u>174,333,929</u>

**LIABILITIES**

Current liabilities:

Accounts payable	4,456,171
Accrued payroll and related liabilities	1,487,682
Funds held for others	913,678
Deferred revenue	4,185,260
Long-term liabilities – current portion:	
Bonds payable	1,285,000
Compensated absences	196,856
Note payable	29,288
Accrued interest payable	<u>375,955</u>
Total current liabilities	<u>12,929,890</u>

Non-current liabilities:

Long-term liabilities – non-current portion:	
Bonds payable	28,746,028
Compensated absences	<u>3,661,933</u>
Total non-current liabilities	<u>32,407,961</u>
Total liabilities	<u>45,337,851</u>

**NET ASSETS**

Invested in capital assets, net of related debt	49,180,406
Restricted for:	
Capital projects	66,404,436
Debt service	6,532,137
Unrestricted	<u>6,879,099</u>
Total net assets	<u>\$ 128,996,078</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2012**

**REVENUES**

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$19,799,834)	\$ 34,197,090
Federal grants and contracts	3,086,863
State grants and contracts	10,267,703
Non-governmental grants and contracts	34,181
Sales and services of educational departments	41,724
Auxiliary enterprises (net of book allowances of \$2,418,995)	7,100,047
Other operating revenues	<u>617,427</u>
Total operating revenues	<u>55,345,035</u>

**EXPENSES**

Operating expenses:	
Salaries	41,959,466
Benefits	11,156,998
Scholarships	16,809,935
Utilities	1,908,301
Supplies and other services	21,318,272
Depreciation and amortization	<u>3,128,168</u>
Total operating expenses	<u>96,281,140</u>
Operating loss	<u>(40,936,105)</u>

**NON-OPERATING REVENUES (EXPENSES)**

State appropriations	12,988,274
Local appropriations	8,691,390
Investment income (net of investment expenses)	454,254
Interest on capital asset-related debt	(1,054,012)
Federal grants and contracts	<u>26,645,416</u>
Net non-operating revenues (expenses)	<u>47,725,322</u>

Income before capital grants, gifts, other revenues and appropriations	<u>6,789,217</u>
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Capital grants, gifts, other revenues and appropriations:	
Contributed capital assets	294,895
Research university infrastructure bonds	30,743
Local capital appropriations	4,129,952
State capital appropriations	<u>1,152,994</u>
Total capital grants, gifts, other revenues and appropriations	<u>5,608,584</u>

Increase in net assets	12,397,801
Net assets – beginning of year	<u>116,598,277</u>
Net assets – end of year	<u>\$ 128,996,078</u>

*The accompanying notes are an integral part of these financial statements.*



**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2012**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student tuition and fees – net of scholarship allowances	\$ 32,202,429
Federal, state and local grants and contracts	14,700,245
Non-governmental contracts	34,181
Sales and services of educational departments	41,724
Auxiliary enterprise charges	7,100,047
Other receipts	617,427
Payments to vendors	(49,384,944)
Payments to employees	(41,960,342)
Amounts provided to students-governmental student loan program	(26,994,727)
Amounts provided from lenders	<u>26,994,727</u>
Net cash flows used by operating activities	<u>(36,649,233)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State appropriations	12,988,274
County appropriations	8,691,390
State, local and federal grants, gifts and contracts – non-operating	26,940,311
Expended for agency funds	<u>221,666</u>
Net cash flows provided by non-capital financing activities	<u>48,841,641</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Local appropriations for capital	4,132,814
Research university infrastructure bond revenue	30,743
State appropriations for capital	1,121,915
Purchase of capital assets	(14,076,869)
Principal paid on capital debt	(1,255,000)
Interest paid on capital debt	<u>(1,066,310)</u>
Net cash flows used by capital and related financing activities	<u>(11,112,707)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	45,250,000
Interest on investments	400,134
Purchase of investments	<u>(66,136,563)</u>
Net cash flows used by investing activities	<u>(20,486,429)</u>
Net decrease in cash	(19,406,728)
Cash – beginning of year	<u>44,562,454</u>
Cash – end of year	<u>\$ 25,155,726</u>
<b>RECONCILIATION OF NET OPERATING LOSS</b>	
<b>TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (40,936,105)
Adjustments to reconcile cash flows used by operating activities:	
Depreciation and amortization expense	3,128,168
Change in assets and liabilities:	
Receivables, net	156,093
Allowance for doubtful accounts	745,000
Inventories	19,285
Deferred charges and prepaid expense	142,906
Deferred revenue	(1,771,741)
Accounts payable	1,935,918
Accrued leave payable	<u>(68,757)</u>
Net cash flows used by operating activities	<u>\$ (36,649,233)</u>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	
Non-cash investing activities – change in fair value of investments	\$ 58,475
Capitalized interest	186,777
Contributed capital assets	<u>294,895</u>
Total non-cash investing, capital and financing activities	<u>\$ 540,147</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2012**

**Assets**

Cash and equivalents	\$ 214,977
Contributions receivable, net	305,916
Other receivable	22,568
Investments	<u>5,780,090</u>
Total assets	<u>\$ 6,323,551</u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable	<u>\$ 336,763</u>
Total liabilities	<u>336,763</u>

Net assets:

Unrestricted – undesignated	1,262,976
Unrestricted – designated	144,252
Temporarily restricted	1,532,586
Permanently restricted	<u>3,046,974</u>
Total net assets	<u>5,986,788</u>
Total liabilities and net assets	<u>\$ 6,323,551</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Unrestricted</u>		<u>Temporarily</u>	<u>Permanently</u>	<u>Totals</u>
	<u>Undesignated</u>	<u>Designated</u>	<u>Restricted</u>	<u>Restricted</u>	
<b>Revenue, gains, and other support</b>					
Contributions	\$ 190,427	\$ —	\$ 252,493	\$ 21,123	\$ 464,043
Income on long-term investments	74,965	17,366	48,592	—	140,923
Other investment income	474	—	—	—	474
Net unrealized and realized gains (losses) on long-term investments	6,997	(14,672)	(40,948)	—	(48,623)
Net assets released from restrictions:					
Satisfaction of program restrictions	253,138	(14,877)	(275,389)	37,128	—
Expiration of time restrictions	<u>6,246</u>	<u>—</u>	<u>(6,246)</u>	<u>—</u>	<u>—</u>
Total revenue, gains and other support	<u>532,247</u>	<u>(12,183)</u>	<u>(21,498)</u>	<u>58,251</u>	<u>556,817</u>
<b>Expenses and losses</b>					
Management and general	66,897	—	—	—	66,897
College support	558,877	—	—	—	558,877
Student support	198,930	—	—	—	198,930
Fundraising	<u>10,145</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,145</u>
Total expenses	<u>834,849</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>834,849</u>
Change in net assets	(302,602)	(12,183)	(21,498)	58,251	(278,032)
Net assets at beginning of year	<u>1,565,578</u>	<u>156,435</u>	<u>1,554,084</u>	<u>2,988,723</u>	<u>6,264,820</u>
Net assets at end of year	<u>\$ 1,262,976</u>	<u>\$ 144,252</u>	<u>\$ 1,532,586</u>	<u>\$ 3,046,974</u>	<u>\$ 5,986,788</u>

*The accompanying notes are an integral part of these financial statements.*

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Midlands Technical College (the College), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Richland, Lexington and Fairfield counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

#### Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the reporting entity are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Midlands Technical College, as the reporting entity, Midlands Technical College Enterprise Campus Authority, and the accounts of the Midlands Technical College Foundation (the Foundation), its component unit. The College is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation's relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Midlands Technical College Enterprise Campus Authority (the Authority) was established in 2004 by SC Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59, of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a component unit of Midlands Technical College. The Authority was established to provide for the management, development and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast Campus. The Board of the Authority consists of the members of the Midlands Technical College

Commission. The activity of the Authority is blended in the financial statements of the College.

The Midlands Technical College Foundation, Inc., (the Foundation) is a private not-for-profit organization that was formed August 12, 1970, to benefit and support education at Midlands Technical College.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The 39-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College or its students by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

#### Financial Statements

The financial statements of the College and its blended component unit are presented in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses, changes in net assets and cash flows. Beginning with the 2006 Comprehensive Annual Financial Report, the College implemented GASB Statement No. 44, *Economic Condition Reporting: the Statistical Section*, and updated the information presented in the statistical section.

The College has applied the requirements applicable to cost-sharing employers for GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*, which require

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

disclosures related to other postemployment benefits and are presented in *Note 7*.

The financial statements of the Midlands Technical College Foundation are presented in accordance with the accounting principles generally accepted in the United States of America for not-for-profit organizations as issued by the Financial Accounting Standards Board (FASB) through its Accounting Standards Codification. The Foundation's revenue and expenses are recognized as increases and decreases in one of three net asset classifications – unrestricted, temporarily restricted, and permanently restricted. Permanently restricted net assets consist of contributions and other inflows of assets whose use is limited in perpetuity by donor-imposed stipulations. Temporarily restricted net assets consist of contributions and other transactions whose use is limited by time or purpose by donor-imposed stipulations. Unrestricted net assets are transactions that are neither temporarily nor permanently restricted. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Financial statements for the Foundation can be obtained by mailing a request to Midlands Technical College Foundation, Post Office Box 2408, Columbia, South Carolina 29202.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

#### Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

The Foundation's statements are presented on the accrual basis of accounting in accordance with FASB pronouncements. Therefore, certain revenue recognition criteria and presentation features are different from GASB criteria and presentation features. No modifications have been made to the Foundation's financial statements included in the College's financial reporting entity for these differences.

#### Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates. Actual amounts may differ from the estimates used.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the South Carolina State Treasurer's Office are considered cash equivalents.

#### Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds." GASB Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3*, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

#### Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, gift pledges, certain state and local funding and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Inventories

Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out (FIFO) basis.

#### Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years; depreciable land improvements, buildings and improvements; and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense is incurred. Certain works of art are considered inexhaustible. These capital assets are not subject to depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and two to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

#### Deferred Revenues and Deposits

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent student fee refunds and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable, and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

#### Compensated Absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of current and long-term liabilities in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses, and changes in net assets.

#### Net Assets

The College's net assets are classified as follows:

- *Invested in capital assets, net of related debt:* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- *Restricted net assets – expendable:* Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- *Restricted net assets – non-expendable:* Non-expendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- *Unrestricted net assets:* Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College's policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

The College is exempt from income taxes under the Internal Revenue Code.

#### Classification of Revenues and Expenses

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

- *Operating revenues and expenses:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake. Operating expenses include all expense transactions incurred other than those related to investing, non-capital or non-capital financing activities.
- *Non-operating revenues and expenses:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

#### Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional activities that incidentally create goods and services that may be sold to students, faculty, staff, and the general public. Midlands Technical College receives such revenues primarily from the automotive and dental auxiliary departments.

#### Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstores, food services, Enterprise Campus Authority facility rentals and vending. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

#### Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, and other federal, state or non-governmental programs, are recorded as operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

#### Capitalized Interest

The College's policy is to capitalize as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. The College incurred \$1,240,789 of interest cost during the year ended June 30, 2012, of which \$1,054,012 was expensed and \$186,777 was capitalized.

#### Reclassification

Certain prior year balances have been reclassified to conform to current year presentation.

#### Discretely Presented Component Unit

What follows below are the more significant accounting policies of the College's Discretely Presented Component Unit (Midlands Technical College Foundation).

The financial statements of the Foundation are presented in accordance with accounting principles generally accepted in the United States of America and are prepared on the accrual basis of accounting. Consequently, the net assets of the Foundation are reported as follows:

*Unrestricted Undesignated* – Unrestricted Undesignated Net Assets are not subject to donor-imposed restrictions that will be met by actions of the Foundation and/or passage of time.

*Unrestricted Designated* – Unrestricted Designated Net Assets are not subject to donor-imposed restrictions, but are subject to Foundation Board imposed stipulations.

*Temporarily Restricted* – Temporarily Restricted Net Assets are subject to donor-imposed stipulations that

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

will be met by actions of the Foundation and/or passage of time.

*Permanently Restricted* – Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

*Revenue, Gains and Other Support and Expenses and Losses* – Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Increases in the allowance for uncollectible pledges are netted against contribution income.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

*Donated Services, Goods and Facilities* – A substantial number of volunteers have donated an undetermined number of hours to the Foundation's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. During the year ended June 30, 2012, the Foundation received in-kind contributions valued at approximately \$10,919. Substantially all contributions of equipment to the

Foundation becomes property of the College upon receipt of the property from the donor. Accordingly, the Foundation records the contributions at their fair value with an offset to college support in these financial statements.

*Cash and Cash Equivalents* – Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days at the time of purchase.

*Investments* – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment in real estate held for sale is reported at the lower of cost or market. Securities or other investments donated are recorded at their market value at the date of the gift.

*Concentrations of Credit and Market Risk* – Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Foundation has not experienced any losses on its cash equivalents. Management believes that the Foundation's investment portfolio is adequately diversified among issuers. In addition, management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines. Management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.

*Income Taxes* – Midlands Technical College Foundation, Inc. has received a determination letter from the Internal Revenue Service that it is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code (the "IRC"). However, it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending June 30, 2012, 2011, 2010, and 2009 are still open to audit for both federal and state purposes. The Foundation is not classified as a private foundation.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 2 – STATE APPROPRIATIONS

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State

unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2012:

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#### Non-Capital and State Capital Appropriations

##### Non-Capital Appropriations:

Appropriations per State Board allocation	\$ 12,302,507
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Appropriations from SC Education Lottery fund	228,585
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##### Other:

Nursing funding	370,943
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Critical Needs Nursing Initiative	48,455
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Pathways	<u>37,784</u>
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Total Non-Capital appropriations	12,988,274
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##### Capital Appropriations:

State Capital	167,924
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Deferred Maintenance	<u>985,070</u>
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Total Non-Capital and State Capital Appropriations	<u>\$ 14,141,268</u>
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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS

**Deposits** – Deposits include cash and cash equivalents on deposit in banks and held by the State Treasurer. At year-end, the College's carrying amount of deposits with banks was \$17,557,911. The bank balances were \$13,686,291, of which \$2,499,480 was covered by FDIC insurance. The balance was collateralized with securities held by a third-party financial institution (as the College's agent) in the College's name. The State Treasurer held \$12,075,016 in its pooled cash funds in the College's name.

**Restricted Cash** – Restricted cash includes \$865,652 held for debt service reserve funds; \$3,501,650 held for maintenance, repair and replacement; and \$7,707,714 for construction as required by bond indentures.

**Foreign Currency Risk** – Foreign currency risk is the risk that variances in exchange rates will adversely affect the fair value of a deposit. The College's policy is to not maintain deposits that are denominated in a currency other than the United States dollar, and therefore, is not exposed.

**Investments** – The College's investments at June 30, 2012, are *not* with the South Carolina State Treasurer's Office and are alternatively held by certain financial institutions in the College's name. The fair value of investments at June 30, 2012, consists solely of certificates of deposits or United States government-backed securities with maturities of less than one year. All of the securities for the reporting period were either fully collateralized or insured by the Federal Deposit Insurance Corporation.

**Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The College's investment policy limits its investments to the safest types of securities, and structures its investment portfolio so securities mature to meet cash requirements for ongoing operations, which therefore prevents the need to sell securities prior to maturity. The College monitors its investments periodically to ensure that the collateral exceeds the market value of investments.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy regarding credit risk of investments is that it only uses high-quality brokers and financial institutions to manage its investment portfolios. In addition,

the College's investments include only obligations of the United States Government Sponsored Enterprise Debt.

All Agencies carry credit ratings of Moody's A-1+ and S&P P-1. The Agencies strive to maintain the market perception of credit risk on par with that of the U.S. Government. The ratings on all four government agencies as of 06/30/12 was AAA/A-1+ at S&P and AAA/P-1 at Moody's.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

**Credit Risk Concentration** – Issuers that represent 5 percent or more of total investments:

	<u>Fair Value</u>	<u>% of Investments</u>
Federal Home Loan Mortgage Corporation	\$ 6,990,296	11.28
Federal National Mortgage Association (Fannie Mae)	7,238,273	11.68
Federal Home Loan Bank	47,733,899	77.04

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Part of the interest rate risk experienced with debt securities is maturity risk. The College's investment policy is to structure its investment portfolio so securities mature to meet cash requirements for ongoing operations to prevent the need to liquidate securities prior to maturity. The weighted average maturity of the investments (including certificates of deposits held as investments) as of June 30, 2012, was 355 days. Another component of interest rate risk is the exposure to fluctuations in the purchase price caused by stated earning rates of the investments. The weighted average stated rate for the investments (including certificates of deposit) as of June 30, 2012, was 0.36 percent.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

#### College's Policy Regarding Custodial Risk and Interest Rate Risk for Investments

**Investment Risk** – The College's investment policy states that its primary objectives in priority order of investment activities shall be preservation of capital, liquidity and yield.

The College has no formal investment policy regarding custodial credit risk, although primary objectives are adhered to in accordance with management policy.

**Investment Pool** – The College has deposits of \$12,075,016 held as a part of the State of South Carolina Office of State Treasurer Local Government Investment Pool. Deposit risk information relating to this investment pool may be obtained from the State of South Carolina's Comprehensive Annual Financial Report. Copies of this report may be obtained from the South Carolina Office of the Comptroller General, 1200 Senate Street, 305 Wade Hampton Office Building, Columbia, South Carolina 29201; or by visiting the Comptroller General's website at [www.cg.state.sc.us](http://www.cg.state.sc.us).

A reconciliation of the College's deposits and investments on its statement of net assets to this footnote disclosure is as follows:

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#### STATEMENT OF NET ASSETS:

Cash and cash equivalents	\$ 13,080,710
Restricted cash and cash equivalents	12,075,016
Investments	<u>66,460,948</u>
Total statement of net assets	<u>\$ 91,616,674</u>

#### DEPOSITS AND INVESTMENTS NOTES:

Carrying value of deposits	\$ 17,557,911
Cash on hand	21,279
Held by State Treasurer	12,075,016
U.S. Government Sponsored Enterprise Discount Notes	<u>61,962,468</u>
Total deposit and investments notes	<u>\$ 91,616,674</u>

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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

#### Discretely Presented Component Unit

The following summarizes the cost and fair values of investments at June 30, 2012:

	<u>Cost</u>	<u>Fair Value</u>
Marketable Securities:		
Invested-money market funds	\$ 235,656	\$ 235,656
Mutual funds – fixed income	2,177,886	2,215,736
Mutual funds – equities	<u>3,223,244</u>	<u>3,283,698</u>
Total marketable securities	<u>5,636,786</u>	<u>5,735,090</u>
Real estate	<u>45,000</u>	<u>45,000</u>
Total investments	<u>\$ 5,681,786</u>	<u>\$ 5,780,090</u>

### NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2012, including applicable allowances, were as follows:

<b>Receivables:</b>	
Student accounts	\$ 4,355,245
Company accounts	1,456,995
Federal grants and contracts	456,849
State grants and contracts	320,776
Local government	12,973
Other receivables	1,650,756
Less: allowance for uncollectibles	<u>(2,009,430)</u>
Receivables, net	<u>\$ 6,244,164</u>

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2012, the allowance for uncollectibles relating to student accounts was valued at \$2,004,000.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 4 – ACCOUNTS RECEIVABLE (continued)

#### Contributions Receivable – Discretely Presented Component Unit

Unconditional promises to give as of June 30, 2012, are due as follows:

Within one year	\$ 25,346
One to five years	297,833
Six to ten years	<u>13,000</u>
Total	336,179
Allowance for uncollectible pledges	(6,246)
Present value discount	<u>(24,017)</u>
Contributions receivable, net	<u>\$ 305,916</u>

### NOTE 5 – CAPITAL ASSETS

	<b>Beginning Balance <u>July 1, 2011</u></b>	<b><u>Transfers</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b>Ending Balance <u>June 30, 2012</u></b>
Capital assets not being depreciated:					
Land and improvements	\$ 4,986,474	\$ —	\$ —	\$ —	\$ 4,986,474
Construction in progress	2,878,198	—	14,180,872	(1,451,842)	15,607,228
Non-depreciable intangibles	—	229,011	—	—	229,011
Works of art, historical treasures, and similar assets	<u>95,346</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>95,346</u>
Total capital assets not being depreciated	<u>7,960,018</u>	<u>229,011</u>	<u>14,180,872</u>	<u>(1,451,842)</u>	<u>20,918,059</u>
Other capital assets:					
Depreciable land improvements	8,539,217	(229,011)	108,775	(62,019)	8,356,962
Buildings and improvements	73,724,802	—	1,343,067	—	75,067,869
Machinery, equipment, and other	11,502,179	—	932,190	(618,852)	11,815,517
Vehicles	995,826	—	35,542	(13,763)	1,017,605
Depreciable intangibles	<u>512,750</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>512,750</u>
Total other capital assets at historical cost	95,274,774	(229,011)	2,419,574	(694,634)	96,770,703
Less accumulated depreciation for:					
Buildings and improvements	(25,970,845)	—	(2,050,275)	—	(28,021,120)
Machinery, equipment, and other	(10,143,921)	—	(657,193)	618,852	(10,182,262)
Vehicles	(937,468)	—	(21,609)	13,763	(945,314)
Depreciable land improvements	(4,334,252)	—	(384,998)	12,403	(4,706,847)
Intangibles	<u>(512,750)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(512,750)</u>
Total accumulated depreciation	<u>(41,899,236)</u>	<u>—</u>	<u>(3,114,075)</u>	<u>645,018</u>	<u>(44,368,293)</u>
Other capital assets, net	<u>53,375,538</u>	<u>(229,011)</u>	<u>(694,501)</u>	<u>(49,616)</u>	<u>52,402,410</u>
Capital assets, net	<u>\$ 61,335,556</u>	<u>\$ —</u>	<u>\$ 13,486,371</u>	<u>\$ (1,501,458)</u>	<u>\$ 73,320,469</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 5 – CAPITAL ASSETS – Continued

Transfers consist of the recognition of an easement in the amount of \$229,011 on the Northeast Campus.

### NOTE 6 – PENSION PLANS

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFRs may be obtained by writing to Financial Services, South Carolina Retirement Systems, and P.O. Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all state-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

#### South Carolina Retirement System

The majority of employees of Midlands Technical College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally, all state employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Employees participating in the SCRS were required to contribute 6.5% of compensation for the three most recent fiscal years ending June 30, 2012, 2011, and 2010. Effective July 1, 2012, the SCRS will require the employee contribution rate be increased from 6.5 percent to 8 percent in 0.5 percent increments annually from July 1, 2012, to July 1, 2014. On July 1, 2011, the required employer

contribution rate was 13.69 percent, which includes a 4.30 percent surcharge to fund retiree health and dental insurance coverage. Effective July 1, 2012, the employer contribution rate will increase to 15.00 percent, which included a 4.55 percent surcharge to fund

retiree health and dental insurance coverage for 2012-2013. The College's actual contributions to SCRS for the three most recent fiscal years ending June 30, 2012, 2011, and 2010, were \$3,128,729, \$3,193,295 and \$2,992,655 respectively, and equaled the required contributions of 9.39 (2012) and 9.24 (2011/2010) percent (excluding the surcharge). Also, the College paid employer group-life insurance contributions of \$50,006 in the current fiscal year at the rate of 0.15 percent of compensation.

#### Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the system as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund, which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees participating in the PORS were required to contribute 6.5 percent of all compensation for the three most recent fiscal years ending June 30, 2012, 2011 and 2010. Effective July 1, 2012, employee's contribution rate will increase to 8 percent in 0.5 percent increments over the next three years. The required contribution rates from the College, as employer, for fiscal years ending June 30, 2012, 2011, and 2010 was 11.36, 11.13 and 10.65, respectively. The employer contribution rate will increase to 11.90 percent beginning July 1, 2012. The College's actual contribution to the PORS for these fiscal years were equal to the required contributions and amounted to \$22,919, \$29,096, and \$24,296 respectively. In addition, the College, as an employer, was required to contribute a surcharge to fund retiree health and dental insurance coverage at a rate of 3.50 and 3.90 percent for fiscal years 2011 and 2010, respectively. For fiscal year 2012, the surcharge increased to 4.30 percent. Effective July 1, 2012, it will increase to 4.55 percent. As a result, the College's



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

actual contribution rates for fiscal years ending June 30, 2012, 2011, and 2010 were 15.66, 15.03, and 14.15 percent, respectively. Also, the College paid employer group life insurance contributions of \$403 and accidental death insurance contributions of \$403 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is 0.20 percent of compensation, which includes a 4.30 percent surcharge to fund retiree health and dental insurance coverage.

#### Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the state. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The state assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under state law, contributions to the ORP are required at the same rates as for the SCRS, 9.39 percent plus the retiree surcharge of 4.30 percent from the employer in fiscal year end June 30, 2012.

Effective July 1, 2012, the insurance surcharge rate will increase from 4.30 percent to 4.55 percent. Employees are eligible for group life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for post-retirement group life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$268,857 (excluding the surcharge) from Midlands Technical College as employer and \$186,209 from its employees as plan members. In

addition, the College paid to the SCRS employer group life insurance contributions of \$4,297 in the current fiscal year at the rate of 0.15 percent of compensation.

#### Deferred Compensation Plans

Several optional deferred compensation plans are available to state employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate state employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

#### Teacher and Employee Retention Incentive

Beginning January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allowed employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits that will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Beginning July 1, 2005, employees who are participating in the TERI Program have been required to make SCRS contributions.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the state provides post-employment health and dental and long-term disability benefits to retired state and school district employees and their covered dependents. “Agency” contributes to the Retiree Medical Plan (RMP) and the Long-Term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least 10 years of retirement service credit. For new hires May 2, 2008, and after, retirees are eligible for benefits if they have established 25 years of service for 100 percent employer funding, and 15 through 24 years of service for 50 percent employer funding. Benefits become effective when the former employee retires under a state retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by state statute to contribute at a rate assessed each year by the Office of the State Budget, 4.30 percent of annual covered payroll for fiscal year 2011-2012. Effective July 1, 2012, the insurance surcharge rate will increase from 4.30 percent to 4.55 percent. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The College paid approximately \$1,565,372 and \$1,477,196 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2012 and 2011, respectively. BLTD benefits are funded through a per-person premium charged to state agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2012 and 2011.

Information regarding the cost of insurance benefits applicable to the College’s retirees is not available. By state

law, the College has no liability for retirement benefits. Accordingly, the cost of providing these future benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems’ earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

Effective May 1, 2008, the state established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional state appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

### NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of college management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College’s financial position.

The College participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS (Continued)

categories upon completion. At June 30, 2012, the College had remaining commitment balances of approximately \$7,421,856 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. Remaining commitment balances with certain parties related to these projects total \$10,585 at June 30, 2012.

The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees and local appropriations. Authorized funds can be requested as needed once state authorities have given approval to begin specific projects and project expenditures have been incurred. The College had \$6,555,282 of authorized bond proceeds available to draw at June 30, 2012.

### NOTE 9 – LEASE OBLIGATIONS

#### Operating Leases

The College leases certain office equipment under operating leases with external parties. Future minimum payments under these non-cancelable leases are as follows:

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<u>Year Ended June 30,</u>	<u>Operating Leases with External Parties</u>	<u>Operating Leases with Other State Agencies</u>
2013	\$ 82,110	\$ 204,540
2014	78,970	204,540
2015	66,705	204,540
2016	3,895	—
2017	<u>3,570</u>	<u>—</u>
Total Minimum Payments	<u>\$ 235,250</u>	<u>\$ 613,620</u>

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Operating lease payments disbursed to external parties during the fiscal year ended 2012 total \$198,618. Operating lease payments disbursed to other state agencies during the fiscal year ended 2012 total \$204,540. The College's contingent rental payments were \$102,333 for copiers with expense determined on a cost-per-copy basis.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 10 – LINE OF CREDIT

The Commission authorized the administration to create a temporary line of credit not to exceed \$1,000,000 if needed to support the operations of the College. The line of credit was not opened during the year. The College has a monthly line of credit in the purchasing card program of \$500,000 and an executive credit card line of credit of \$80,000.

### NOTE 11 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2012, are summarized as follows:

Accounts Payable	\$ 2,601,898
Student Payable	17,284
Employee Payable	9,516
Construction Payable	1,346,029
Retainage Payable	476,920
Unclaimed Property	4,524
	<u>\$ 4,456,171</u>

Construction and Retainage payable are payables from restricted assets.

### NOTE 12 – BONDS and NOTE PAYABLE

Bonds and note payable consisted of the following at June 30, 2012:

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	<u>Interest Rates</u>	<u>Original Balance</u>	<u>Final Maturity</u>	<u>Current Balance</u>
<b>General Obligation Bonds</b>				
Series 2011 C	2.0% to 5.0%	\$ 15,000,000	03/01/2031	\$ 14,420,000
Series 2007A	4.0% to 5.0%	10,000,000	04/01/2027	9,330,000
Series 2002C	3.0% to 4.5%	5,250,000	10/01/2021	3,380,000
Series 1998A	4.5% to 6.5%	<u>5,000,000</u>	03/01/2018	<u>2,075,000</u>
<b>Total Bonds Payable</b>		<u>\$ 35,250,000</u>		<u>\$ 29,205,000</u>
<b>Note Payable</b>		<u>\$ 41,640</u>	11/01/2012	<u>\$ 29,288</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 12 – BONDS and NOTE PAYABLE (Continued)

General obligation bonds of the state are backed by the full faith, credit, and taxing power of the state. Tuition revenue is pledged up to the amount of annual debt requirements for the payment of principal and interest on general obligation bonds. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed 90 percent of the sums received from tuition and

fees for the preceding fiscal year. Tuition bond fees for the preceding year are \$2,890,918, which results in a legal annual debt service at June 30, 2012, of \$2,601,826. The annual debt service payments for the fiscal year ended June 30, 2012, were \$2,553,260; all issues are subject to arbitrage regulations.

The scheduled maturities of the bonds payable are as follows:

<u>General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2013	\$ 1,285,000	\$ 1,257,430	\$ 2,542,430
2014	1,325,000	1,213,780	2,538,780
2015	1,360,000	1,164,090	2,524,090
2016	1,405,000	1,112,945	2,517,945
2017	1,455,000	1,064,460	2,519,460
2018 – 2022	8,195,000	4,370,505	12,565,505
2023 – 2027	10,175,000	2,354,563	12,529,563
2028 – 2031	<u>4,005,000</u>	<u>508,100</u>	<u>4,513,100</u>
Total	<u>\$ 29,205,000</u>	<u>\$ 13,045,873</u>	<u>\$ 42,250,873</u>

The note payable is a non-interest bearing note to the South Carolina Energy Office. This note was intended to provide funding for energy efficiency and renewable energy improvements to facilities. The scheduled maturities of this note payable are as follows:

<u>Note Payable</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2013	\$ 29,288	\$ –	\$ 29,288

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 13 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012, was as follows:

	June 30, 2011	Additions	Reductions	June 30, 2012	Due Within One Year
<b>Bonds and Note Payable</b>					
General obligation bonds	\$ 30,460,000	\$ –	\$ (1,255,000)	\$ 29,205,000	\$1,285,000
Unamortized bond premium	871,201	–	(45,173)	826,028	–*
Other Note payable	41,640	16,936	(29,288)	29,288	29,288
Total bonds and notes and other notes payable	31,372,841	16,936	(1,329,461)	30,060,316	1,314,288
Accrued compensated absences	3,927,546	1,433,293	(1,502,050)	3,858,789	196,856
<b>Total Long-Term Liabilities</b>	<b>\$ 35,300,387</b>	<b>\$ 1,450,229</b>	<b>\$ (2,831,511)</b>	<b>\$ 33,919,105</b>	<b>\$1,511,144</b>

\*amortized to interest expense, straight line, 20 years

### NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS – DISCRETELY PRESENTED COMPONENT UNIT

At June 30, 2012, temporarily restricted net assets are available for the following specific program services:

Periods after June 30, 2012	\$ 302,761
Specific grant programs	1,229,825
	<u>\$ 1,532,586</u>

During the year, temporarily restricted net assets were released for satisfaction of the following restrictions:

Total program restrictions released	<u>\$ 275,389</u>
Time restrictions released	<u>\$ 6,246</u>

### NOTE 15 – PERMANENTLY RESTRICTED NET ASSETS DISCRETELY PRESENTED COMPONENT UNIT

Permanently restricted net assets of \$3,046,974 at June 30, 2012, are restricted to investment in perpetuity; the income from which is expendable to support the Foundation's objectives.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 16 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY AND BLENDED PRESENTED COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational programs. Financial statements for these entities are audited by independent auditors and retained by them. They include the Foundation and Enterprise Campus Authority.

Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14, as amended by GASB 39. Because of the nature and the significance of its relationship with the College, the Foundation is considered a component unit of the College.

Following is a more detailed discussion of the Foundation and a summary of significant transactions (if any) between the Foundation and the College for the year ended June 30, 2012.

#### The Midlands Technical College Foundation:

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the Foundation, scholarships for Midlands Technical College students, or other support of Midlands Technical College. The Foundation's activities are governed by its Board of Directors.

The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space and support services to the Foundation. The value of this office space and support services was approximately \$392,623 for the year ended June 30, 2012. Additionally, the Foundation paid the College a total of \$3,000 for administrative services during the year.

The Foundation's assets as of June 30, 2012, were \$6,323,551.

Amounts due from/to the Foundation as of June 30, 2012, are as follows:

Due from the Foundation \$336,763

#### The Midlands Technical College Enterprise Campus Authority:

The Midlands Technical College Enterprise Campus Authority (ECA), as described in Note 1, is a blended component unit and balances for the ECA are incorporated into these financial statements.

#### Highlights of the Enterprise Campus Authority:

Due From Midlands Technical College	\$ 1,409,440
Net Capital Assets	<u>7,681,757</u>
Total Assets	<u>\$ 9,091,197</u>
Accounts and Retainage Payable	\$ 6,200
Deferred Revenue	<u>2,989</u>
Total Liabilities	9,189
Fund Equity	<u>9,082,008</u>
Total Liabilities and Fund Equity	<u>\$ 9,091,197</u>

### NOTE 17 – RISK MANAGEMENT

The College is exposed to various risks of loss and maintains state or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters
- Medical malpractice claims against the infirmary

The combined insurance expense for the previously mentioned benefits and insurance for the last three years incurred at the College is as follows:

- 2010 \$2,987,616
- 2011 \$3,110,999
- 2012 \$3,270,095

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 18 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2012, are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation and Amortization</u>	<u>Total</u>
Instructional	\$ 23,249,853	\$ 5,872,031	\$ —	\$ —	\$ 4,018,966	\$ —	\$ 33,140,850
Academic Support	4,199,376	1,250,813	—	—	1,412,492	—	6,862,681
Student Services	7,432,821	1,907,850	—	—	1,074,715	—	10,415,386
Plant Operations	1,688,060	590,643	—	1,869,711	4,805,253	—	8,953,667
Institutional Support	4,483,916	1,310,069	—	—	2,438,335	—	8,232,320
Scholarships	—	—	16,809,935	—	—	—	16,809,935
Auxiliary Enterprises	905,440	225,592	—	38,590	7,568,511	—	8,738,133
Depreciation	—	—	—	—	—	3,128,168	3,128,168
<b>Total</b>	<u>\$ 41,959,466</u>	<u>\$ 11,156,998</u>	<u>\$ 16,809,935</u>	<u>\$ 1,908,301</u>	<u>\$ 21,318,272</u>	<u>\$ 3,128,168</u>	<u>\$ 96,281,140</u>

### NOTE 19 – AMERICAN RECOVERY AND REINVESTMENT ACT 2009 (ARRA)

The College incurred expenditures of \$97,047 during fiscal year 2012 under American Recovery and Reinvestment Act 2009 (ARRA) funding. These funds were awarded to the College via pass-through funding from the U.S. Department of Energy (State Energy Program), U.S. Department of Health and Human Services (Health Information Technologies and Childcare and Development Grant), and the U.S. Department of Commerce (Broadband Technologies). ARRA funds provided academic support for programs within the College's Corporate and Continuing Education division and Early Childcare department. In addition, ARRA funds provided funding for energy efficiency and energy improvements, as well as, allowing the College to expand broadband access to students.

The schedules below list the individual funds and expenses and the expenses by functional classification.

<u>Fund</u>	<u>Funds used through June 30, 2012</u>
ARRA-Broadband Technology Opportunity Program	\$ 27,798
ARRA-Childcare and Development Block Grant	5,941
ARRA-Health Information Technology Grant	12,500
ARRA-State Energy Program	<u>50,808</u>
Total expenditures incurred through June 30, 2012	<u>\$ 97,047</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 19 – AMERICAN RECOVERY AND REINVESTMENT ACT 2009 (ARRA) (Continued)

Please note that all expenses, *excluding* the capitalized amount, are *included* in the schedule presented in NOTE 18.

	<u>Academic Support</u>	<u>Student Support</u>	<u>Scholarships</u>	<u>Plant Operations</u>	<u>Total</u>
Salaries	\$ –	\$ 2,482	\$ –	\$ –	\$ 2,482
Scholarships	–	–	9,935	–	9,935
Supplies and other services	<u>33,739</u>	<u>83</u>	<u>–</u>	<u>50,808</u>	<u>84,630</u>
Total Operating Expenses	<u>\$ 33,739</u>	<u>\$ 2,565</u>	<u>\$ 9,935</u>	<u>\$ 50,808</u>	<u>\$ 97,047</u>

### NOTE 20 – STATEMENT OF ACTIVITIES

Midlands Technical College's transactions are reported in the Higher Education Fund, an enterprise fund of the State of South Carolina. Following is information needed to present the College's business-type activities in the state's government-wide Statement of Activities.

	<u>2012</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>
Charges for services	\$ 54,727,608	\$ 55,945,472	\$ (1,217,864)
Operating grants and contributions	36,408,487	38,506,792	(2,098,305)
Capital grants and contributions	4,424,847	2,193,177	2,231,670
Less: expenses	<u>(97,335,152)</u>	<u>(93,572,641)</u>	<u>(3,762,511)</u>
Net program revenue (expense)	<u>(1,774,210)</u>	<u>3,072,800</u>	<u>(4,847,010)</u>
Transfers:			
State appropriation	12,988,274	12,541,521	446,753
State capital appropriations	1,152,994	3,418	1,149,576
Research University Infrastructure			
Bond proceeds	<u>30,743</u>	<u>–</u>	<u>30,743</u>
Total general revenue and transfers	<u>14,172,011</u>	<u>12,544,939</u>	<u>1,627,072</u>
Change in net assets	12,397,801	15,617,739	(3,219,938)
Net assets-beginning	<u>116,598,277</u>	<u>100,980,538</u>	<u>15,617,739</u>
Net assets-ending	<u>\$ 128,996,078</u>	<u>\$ 116,598,277</u>	<u>\$ 12,397,801</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### **NOTE 21 – TRANSACTION WITH OTHER AGENCIES**

The College had significant transactions with the State of South Carolina and various agencies. Services received at no cost from state agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General. Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

### **NOTE 22 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through September 19, 2012, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

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# STATISTICAL SECTION

This section of the Midlands Technical College Comprehensive Annual Financial Report presents information that will assist in understanding the information in the financial statements, note disclosures, and the required supplementary information about the overall financial health of the College.

## **CONTENTS**

## **SCHEDULES**

### **Financial Trends**

**1 - 4**

The schedules in this section contain trend information to assist in understanding of how the College's financial performance and well-being have changed over time.

### **Revenue Capacity**

**5 - 8**

The schedules in this section contain information to assess the College's most significant revenue sources.

### **Debt Capacity**

**9 - 10**

The schedules in this section present information that assess the affordability of the College's current levels of outstanding debt and the ability of the College to issue additional debt in future years.

### **Demographic and Economic Information**

**11 - 12**

The schedules in this section offer demographic and economic indicators to assist in understanding the environment within which the College's financial activities occur.

### **Operating Information**

**13 - 14**

The schedules in this section contain service and infrastructure data to assist in understanding how the information in the College's financial report relates to the services it provides and the activities it performs.

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# FINANCIAL TRENDS

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF NET ASSETS BY COMPONENT Fiscal Years 2003 - 2012

	For the Year Ended June 30,				
	2012	2011	2010	2009	2008
<b>Invested in capital assets, net of related debt</b>	\$ 49,180,406	\$ 44,494,581	\$ 44,208,837	\$ 43,628,532	\$ 43,701,689
Restricted for Expendable:					
Capital projects	66,404,436	59,870,645	46,261,014	34,405,115	29,572,710
Debt service	6,532,137	5,655,988	3,872,761	2,302,791	1,036,401
Unrestricted	6,879,099	6,577,063	6,637,926	5,069,251	5,347,917
<b>Total College net assets</b>	<u>\$ 128,996,078</u>	<u>\$ 116,598,277</u>	<u>\$ 100,980,538</u>	<u>\$ 85,405,689</u>	<u>\$ 79,658,717</u>

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
<b>Invested in capital assets, net of related debt</b>	\$ 41,282,858	\$ 41,863,617	\$ 42,354,530	\$ 40,695,692	\$ 46,821,316
Restricted for Expendable:					
Capital projects	27,511,577	22,734,164	20,241,902	18,473,541	12,085,610
Debt service	550,985	226,150	91,547	146,043	124,283
Unrestricted	5,355,725	5,415,743	4,710,567	4,407,885	4,165,611
<b>Total College net assets</b>	<u>\$ 74,701,145</u>	<u>\$ 70,239,674</u>	<u>\$ 67,398,546</u>	<u>\$ 63,723,161</u>	<u>\$ 63,196,820</u>

*Note:* Certain classifications of revenues for fiscal years 2003 were changed to conform to subsequent reporting years for consistency.

*Source:* Midlands Technical College Audited Financial Statements

**Schedule 2**

**MIDLANDS TECHNICAL COLLEGE**

**SCHEDULE OF OTHER CHANGES IN NET ASSETS**  
**Fiscal Years 2003 - 2012**

	For the Year Ended June 30,				
	2012	2011	2010	2009	2008
<b>Income Before Other Revenues, Expenses,</b>					
<b>Gains or Losses</b>	\$ 6,789,217	\$ 13,421,144	\$ 11,315,492	\$ 2,960,023	\$ 2,099,442
State capital appropriations	1,152,994	3,418	—	—	—
Other	—	—	—	—	—
Local capital appropriations	4,129,952	2,193,177	2,065,651	2,077,644	2,008,293
Research university Infrastructure bonds	30,743	—	54,082	37,409	657,051
Proceeds from State Capital					
Improvement Bonds	—	—	2,109,890	606,897	118,615
Proceeds from State Institution Bonds	—	—	—	—	—
Contributed capital assets	294,895	—	32,734	62,000	74,171
Gain on disposal of capital assets	—	—	—	—	—
<b>Total increase in net assets</b>	<u>\$ 12,397,801</u>	<u>\$ 15,617,739</u>	<u>\$ 15,577,849</u>	<u>\$ 5,743,973</u>	<u>\$ 4,957,572</u>

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
<b>Income Before Other Revenues, Expenses,</b>					
<b>Gains or Losses</b>	\$ 1,995,967	\$ 956,477	\$ 952,604	\$ 1,495,602	\$ 129,313
State capital appropriations	—	181,858	—	—	90,574
Other	107,250	—	—	—	—
Local capital appropriations	1,762,000	1,727,000	1,693,000	1,661,000	2,886,859
Research university infrastructure bonds	339,970	—	—	—	—
Proceeds from State Capital					
Improvement Bonds	—	—	—	—	1,758,688
Proceeds from State Institution Bonds	—	—	—	—	33,405
Contributed capital assets	27,168	—	652,380	—	—
Gain on disposal of capital assets	—	—	384,212	—	—
<b>Total increase in net assets</b>	<u>\$ 4,232,355</u>	<u>\$ 2,865,335</u>	<u>\$ 3,682,196</u>	<u>\$ 3,156,602</u>	<u>\$ 4,898,839</u>

*Note: Certain classifications of revenues for the fiscal year 2003 were changed to conform to subsequent reporting years for consistency.*  
*Source: Midlands Technical College Audited Financial Statements*

## MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF EXPENSES BY FUNCTION  
Fiscal Years 2003 - 2012

	For the Year Ended June 30,				
	2012	2011	2010	2009	2008
<b>Expenses:</b>					
Instruction	\$ 33,140,850	\$ 31,565,974	\$ 31,659,503	\$ 32,518,891	\$ 31,780,470
Academic Support	6,862,681	6,871,478	6,564,331	6,457,966	7,361,904
Student Services	10,415,386	9,503,947	9,668,047	10,496,248	10,275,959
Operation and Maintenance of Plant	8,953,667	8,874,602	9,826,562	7,848,873	9,360,511
Institutional Support	8,232,320	8,083,095	6,407,241	6,947,251	7,964,836
Scholarships	16,809,935	16,298,147	14,856,332	10,805,481	9,143,361
Auxiliary Enterprises	8,738,133	8,471,850	8,752,164	8,214,863	7,120,754
Depreciation and amortization	3,128,168	3,162,951	3,480,213	2,946,028	2,825,469
<b>Total Operating Expenses</b>	<u>96,281,140</u>	<u>92,832,044</u>	<u>91,214,393</u>	<u>86,235,601</u>	<u>85,833,264</u>
Interest on capital asset-related debt	1,054,012	740,597	580,474	694,459	819,216
Loss on disposal of capital assets	—	—	—	—	—
<b>Total Expenses</b>	<u>\$ 97,335,152</u>	<u>\$ 93,572,641</u>	<u>\$ 91,794,867</u>	<u>\$ 86,930,060</u>	<u>\$ 86,652,480</u>

	For the Year Ended June 30,				
	(percentage of total)				
	2012	2011	2010	2009	2008
<b>Expenses:</b>					
Instruction	34.0%	33.7%	34.5%	37.4%	36.7%
Academic Support	7.1%	7.3%	7.2%	7.4%	8.5%
Student Services	10.7%	10.2%	10.5%	12.1%	11.9%
Operation and Maintenance of Plant	9.2%	9.5%	10.7%	9.0%	10.8%
Institutional Support	8.5%	8.6%	7.0%	8.1%	9.1%
Scholarships	17.2%	17.4%	16.2%	12.4%	10.6%
Auxiliary Enterprises	9.0%	9.1%	9.5%	9.4%	8.2%
Depreciation and amortization	3.2%	3.4%	3.8%	3.4%	3.3%
<b>Total Operating Expenses*</b>	<u>98.9%</u>	<u>99.2%</u>	<u>99.4%</u>	<u>99.2%</u>	<u>99.1%</u>
Interest on capital asset-related debt	1.1%	0.8%	0.6%	0.8%	0.9%
Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Expenses</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Midlands Technical College Audited Financial Statements

Schedule 3 (Continued)

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF EXPENSES BY FUNCTION  
Fiscal Years 2003 – 2012  
(Continued)

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
<b>Expenses:</b>					
Instruction	\$ 30,216,217	\$ 25,277,930	\$ 24,500,016	\$ 23,860,773	\$ 23,170,134
Academic Support	7,751,721	11,030,361	11,602,944	8,441,232	9,078,844
Student Services	9,006,646	9,163,890	8,860,551	8,359,302	7,811,033
Operation and Maintenance of Plant	8,456,033	7,366,825	5,545,289	5,654,610	4,929,832
Institutional Support	7,793,643	7,776,530	7,837,847	8,075,989	8,439,172
Scholarships	7,657,801	7,563,351	8,266,923	7,605,148	2,509,298
Auxiliary Enterprises	6,934,043	6,520,301	6,174,328	5,943,317	2,800,393
Depreciation and amortization	2,942,705	3,195,626	3,114,946	2,731,849	2,801,639
<b>Total Operating Expenses</b>	<u>80,758,809</u>	<u>77,894,814</u>	<u>75,902,844</u>	<u>70,672,220</u>	<u>61,540,345</u>
Interest on capital asset-related debt	358,435	316,707	387,754	407,341	493,206
Loss on disposal of capital assets	9,021	11,098	—	11,453	—
<b>Total Expenses</b>	<u>\$ 81,126,265</u>	<u>\$ 78,222,619</u>	<u>\$ 76,290,598</u>	<u>\$ 71,091,014</u>	<u>\$ 62,033,551</u>

	For the Year Ended June 30,				
	(percentage of total)				
	2007	2006	2005	2004	2003
<b>Expenses:</b>					
Instruction	37.2%	32.4%	32.1%	33.4%	37.5%
Academic Support	9.6%	14.1%	15.2%	11.9%	14.6%
Student Services	11.1%	11.7%	11.6%	11.8%	12.6%
Operation and Maintenance of Plant	10.4%	9.4%	7.3%	8.0%	7.9%
Institutional Support	9.7%	9.9%	10.3%	11.4%	13.6%
Scholarships	9.4%	9.7%	10.8%	10.7%	4.0%
Auxiliary Enterprises	8.5%	8.3%	8.1%	8.4%	4.5%
Depreciation and amortization	3.6%	4.1%	4.1%	3.8%	4.5%
<b>Total Operating Expenses*</b>	<u>99.5%</u>	<u>99.6%</u>	<u>99.5%</u>	<u>99.4%</u>	<u>99.2%</u>
Interest on capital asset-related debt	0.5%	0.4%	0.5%	0.6%	0.8%
Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Expenses</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Notes: <sup>a</sup> Certain classifications of expenses for fiscal year 2003 were changed to conform to subsequent reporting years for consistency.

<sup>b</sup> There was a change in allocation estimates beginning with the 2007 fiscal year from telephone usage to square footage.

Source: Midlands Technical College Audited Financial Statements

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF EXPENSES BY USE Fiscal Years 2003 - 2012

	For the Year Ended June 30,				
	2012	2011	2010	2009	2008
<b>Expenses:</b>					
Salaries	\$ 41,959,466	\$ 40,521,050	\$ 40,944,520	\$ 41,659,673	\$ 41,493,810
Benefits	11,156,998	10,813,160	10,400,461	10,716,789	10,668,545
Scholarships	16,809,935	16,298,147	14,856,351	10,806,293	9,146,725
Utilities	1,908,301	1,897,733	1,862,323	1,704,171	1,557,301
Supplies and Other Services	21,318,272	20,139,003	19,670,525	18,402,647	20,141,414
Depreciation and amortization	3,128,168	3,162,951	3,480,213	2,946,028	2,825,469
<b>Total Operating Expenses</b>	<u>96,281,140</u>	<u>92,832,044</u>	<u>91,214,393</u>	<u>86,235,601</u>	<u>85,833,264</u>
Interest on capital asset-related debt	1,054,012	740,597	580,474	694,459	819,216
Loss on disposal of capital assets	—	—	—	—	—
<b>Total Expenses</b>	<u>\$ 97,335,152</u>	<u>\$ 93,572,641</u>	<u>\$ 91,794,867</u>	<u>\$ 86,930,060</u>	<u>\$ 86,652,480</u>

	For the Year Ended June 30,				
	(percentage of total)				
	2012	2011	2010	2009	2008
<b>Expenses:</b>					
Salaries	43.1%	44.3%	44.6%	47.9%	47.9%
Benefits	11.5%	11.6%	11.3%	12.3%	12.3%
Scholarships	17.3%	17.4%	16.2%	12.4%	10.6%
Utilities	2.0%	2.0%	2.0%	2.0%	1.8%
Supplies and Other Services	21.9%	21.5%	21.4%	21.2%	23.2%
Depreciation and amortization	3.2%	2.4%	3.8%	3.4%	3.3%
<b>Total Operating Expenses</b>	<u>99.0%</u>	<u>99.2%</u>	<u>99.3%</u>	<u>99.2%</u>	<u>99.1%</u>
Interest on capital asset-related debt	1.0%	0.8%	0.7%	0.8%	0.9%
Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Expenses</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Midlands Technical College Audited Financial Statements

**Schedule 4 (Continued)**

**MIDLANDS TECHNICAL COLLEGE**

**SCHEDULE OF EXPENSES BY USE**  
**Fiscal Years 2003 - 2012**  
(Continued)

	<b>For the Year Ended June 30,</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Expenses:</b>					
Salaries	\$ 38,946,598	\$ 37,437,269	\$ 35,475,529	\$ 32,879,920	\$ 31,727,924
Benefits	9,761,904	8,762,729	8,346,803	8,270,566	7,830,747
Scholarships	7,664,137	7,567,105	8,266,923	7,605,148	2,509,298
Utilities	1,507,205	1,478,465	1,322,563	1,310,794	1,178,237
Supplies and Other Services	19,936,260	19,453,620	19,376,080	17,873,943	15,492,500
Depreciation and amortization	<u>2,942,705</u>	<u>3,195,626</u>	<u>3,114,946</u>	<u>2,731,849</u>	<u>2,801,639</u>
<b>Total Operating Expenses</b>	<u>80,758,809</u>	<u>77,894,814</u>	<u>75,902,844</u>	<u>70,672,220</u>	<u>61,540,345</u>
Interest on capital asset-related debt	358,435	316,707	387,754	407,341	493,206
Loss on disposal of capital assets	<u>9,021</u>	<u>11,098</u>	<u>—</u>	<u>11,453</u>	<u>—</u>
<b>Total Expenses</b>	<u>\$ 81,126,265</u>	<u>\$ 78,222,619</u>	<u>\$ 76,290,598</u>	<u>\$ 71,091,014</u>	<u>\$ 62,033,551</u>

	<b>For the Year Ended June 30,</b>				
	<i>(percentage of total)</i>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Expenses:</b>					
Salaries	48.0%	47.8%	46.6%	46.4%	51.2%
Benefits	12.0%	11.2%	10.9%	11.6%	12.6%
Scholarships	9.4%	9.7%	10.8%	10.7%	4.0%
Utilities	1.9%	1.9%	1.7%	1.8%	1.9%
Supplies and Other Services	24.6%	24.9%	25.4%	25.1%	25.0%
Depreciation and amortization	<u>3.6%</u>	<u>4.1%</u>	<u>4.1%</u>	<u>3.8%</u>	<u>4.5%</u>
<b>Total Operating Expenses</b>	<u>99.5%</u>	<u>99.6%</u>	<u>99.5%</u>	<u>99.4%</u>	<u>99.2%</u>
Interest on capital asset-related debt	0.5%	0.4%	0.5%	0.6%	0.8%
Loss on disposal of capital assets	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
<b>Total Expenses</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

*Notes: Certain classifications of expenses for fiscal year 2003 were changed to conform to subsequent reporting years for consistency.*

*Source: Midlands Technical College Audited Financial Statements*

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# REVENUE CAPACITY

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## MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF REVENUES BY SOURCE  
Fiscal Years 2003 – 2012

	For the Year Ended June 30,				
	2012	2011	2010	2009	2008
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	\$ 34,197,090	\$ 33,701,765	\$ 30,100,618	\$ 27,458,566	\$ 25,260,302
Federal grants and contracts	3,086,863	4,297,583	4,647,287	4,247,981	4,036,557
State grants and contracts	10,267,703	10,471,492	10,414,431	10,488,055	9,784,694
Non-governmental grants and contracts	34,181	21,035	24,297	50,495	23,312
Sales and services	41,724	50,674	57,263	49,404	47,920
Auxiliary enterprises (net of book allowances)	7,100,047	7,402,923	7,870,276	7,446,119	6,837,824
Other operating revenues	617,427	1,053,742	778,608	579,939	732,096
<b>Total Operating Revenues</b>	<u>55,345,035</u>	<u>56,999,214</u>	<u>53,892,780</u>	<u>50,320,559</u>	<u>46,722,705</u>
State appropriations	12,988,274	12,541,521	14,889,269	16,429,386	21,417,186
Local appropriations	8,691,390	8,501,897	8,249,216	8,007,084	7,550,862
Investment income	454,254	425,412	412,046	1,166,228	1,951,341
Federal grants and contracts	26,645,416	28,525,741	25,667,048	13,975,824	11,108,828
State grants and contracts	—	—	—	—	—
State capital appropriations	1,152,994	3,418	2,109,890	606,897	118,615
Local capital appropriations	4,129,952	2,193,177	2,065,651	2,077,644	2,008,293
Capital asset contributions	294,895	—	32,734	62,000	74,171
Proceeds from state capital improvement bonds	—	—	—	—	—
Proceeds from state institution bonds	—	—	—	—	—
Gains on disposal of capital assets	—	—	—	—	—
Research university infrastructure bonds	30,743	—	54,082	37,409	657,051
Other	—	—	—	—	1,000
<b>Total Non-operating Revenues</b>	<u>54,387,918</u>	<u>52,191,166</u>	<u>53,479,936</u>	<u>42,362,472</u>	<u>44,887,347</u>
<b>Total Revenues</b>	<u>\$ 109,732,953</u>	<u>\$ 109,190,380</u>	<u>\$ 107,372,716</u>	<u>\$ 92,683,031</u>	<u>\$ 91,610,052</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

Source: Midlands Technical College Audited Financial Statements

Schedule 5 (continued)

**MIDLANDS TECHNICAL COLLEGE**

**SCHEDULE OF REVENUES BY SOURCE**

**Fiscal Years 2003 – 2012**

(Continued)

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	\$ 23,468,385	\$ 21,991,171	\$ 22,071,267	\$ 21,447,627	\$ 11,878,505
Federal grants and contracts	3,063,087	2,927,313	3,116,754	3,051,064	3,105,275
State grants and contracts	10,079,966	9,263,216	7,708,835	6,916,114	6,537,431
Non-governmental grants and contracts	195,870	265,726	996,733	219,232	55,238
Sales and services	59,011	65,595	66,857	55,172	61,154
Auxiliary enterprises (net of book allowances)	6,181,968	5,842,028	5,909,485	5,586,006	3,591,881
Other operating revenues	742,382	707,089	562,669	598,040	639,050
<b>Total Operating Revenues</b>	<u>43,790,669</u>	<u>41,062,138</u>	<u>40,432,600</u>	<u>37,873,255</u>	<u>25,868,534</u>
State appropriations	19,759,248	19,059,973	19,014,685	18,323,689	21,767,831
Local appropriations	7,198,337	7,628,088	5,915,254	5,758,676	5,484,775
Investment income	1,832,051	1,189,573	664,880	256,266	297,464
Federal grants and contracts	9,941,927	10,221,346	11,107,146	10,219,688	9,484,438
State grants and contracts	–	17,978	194,714	155,042	92,358
State capital appropriations	–	181,858	–	–	90,574
Local capital appropriations	1,762,000	1,727,000	1,693,000	1,661,000	2,886,859
Capital asset contributions	27,168	–	652,380	–	–
Proceeds from state capital improvement bonds	–	–	–	–	1,758,688
Proceeds from state institution bonds	–	–	–	–	33,405
Gains on disposal of capital assets	–	–	384,212	–	115,767
Research university infrastructure bonds	339,970	–	–	–	–
Other	107,250	–	–	–	–
<b>Total Non-operating Revenues</b>	<u>40,967,951</u>	<u>40,025,816</u>	<u>39,626,271</u>	<u>36,374,361</u>	<u>42,012,159</u>
<b>Total Revenues</b>	<u>\$ 84,758,620</u>	<u>\$ 81,087,954</u>	<u>\$ 80,058,871</u>	<u>\$ 74,247,616</u>	<u>\$ 67,880,693</u>

*Note:* Certain classifications of revenues for fiscal years 2003 were changed to conform to subsequent reporting years for consistency.

*Source:* Midlands Technical College Audited Financial Statements

**MIDLANDS TECHNICAL COLLEGE**  
**SCHEDULE OF REVENUES BY SOURCE**  
**Fiscal Years 2003-2012**

	<b>For the Year Ended June 30,</b>									
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Revenues:</b>										
Student tuition and fees (net of scholarship allowances)	31.2%	30.9%	28.0%	29.6%	27.6%	27.5%	27.1%	27.6%	28.9%	17.5%
Federal grants and contracts	2.8%	3.9%	4.3%	4.6%	4.3%	4.3%	3.6%	3.9%	4.1%	4.6%
State grants and contracts	9.4%	9.7%	9.7%	11.3%	10.7%	11.8%	11.4%	9.6%	9.3%	9.6%
Non-governmental grants and contracts	—	—	—	0.1%	—	0.2%	0.3%	1.3%	0.3%	0.1%
Sales and services	—	—	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Auxiliary enterprises (net of book allowances)	6.5%	6.8%	7.3%	8.0%	7.5%	7.2%	7.2%	7.4%	7.5%	5.2%
Other operating revenues	0.6%	0.9%	0.7%	0.6%	0.8%	0.9%	0.9%	0.7%	0.8%	0.9%
<b>Total Operating Revenues</b>	<b>50.4%</b>	<b>52.3%</b>	<b>50.1%</b>	<b>54.3%</b>	<b>51.0%</b>	<b>52.0%</b>	<b>50.6%</b>	<b>50.6%</b>	<b>51.0%</b>	<b>38.0%</b>
State appropriations	11.8%	11.4%	13.9%	17.7%	23.4%	23.1%	23.6%	23.8%	24.7%	32.1%
Local appropriations	7.9%	7.8%	7.7%	8.6%	8.2%	8.4%	9.4%	7.4%	7.8%	8.1%
Investment income	0.4%	0.4%	0.4%	1.3%	2.1%	2.1%	1.5%	0.8%	0.3%	0.4%
Federal grants and contracts	24.3%	26.1%	23.9%	15.1%	12.2%	11.8%	12.6%	13.8%	13.8%	14.0%
State grants and contracts	—	—	—	0.0%	—	—	—	0.2%	0.2%	0.1%
State capital appropriations	1.1%	—	2.0%	0.7%	0.1%	—	0.2%	—	—	0.1%
Local capital appropriations	3.8%	2.0%	1.9%	2.2%	2.2%	2.1%	2.1%	2.1%	2.2%	4.4%
Capital contributions	0.3%	—	—	0.1%	0.1%	—	—	0.8%	—	—
Proceeds from state capital improvement bonds	—	—	—	—	—	—	—	—	—	2.6%
Proceeds from state institution bonds	—	—	—	—	—	—	—	—	—	—
Gains on disposal of capital assets	—	—	—	—	—	—	—	0.5%	—	—
Research university infrastructure bonds	—	—	0.1%	—	0.7%	0.4%	—	—	—	0.2%
Other	—	—	—	—	—	0.1%	—	—	—	—
<b>Total Non-operating Revenues</b>	<b>49.6%</b>	<b>47.7%</b>	<b>49.9%</b>	<b>45.7%</b>	<b>49.0%</b>	<b>48.0%</b>	<b>49.4%</b>	<b>49.4%</b>	<b>49.0%</b>	<b>62.0%</b>
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Note:* Certain classifications of revenues for fiscal years 2003 were changed to conform to subsequent reporting years for consistency.

*Source:* Midlands Technical College Audited Financial Statements

**ANNUAL TUITION AND FEES**  
**SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – IN STATE**  
**Last Ten Academic Years**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Technical Colleges</b>										
<b>In-County</b>										
Aiken	\$ 3,722	\$ 3,706	\$ 3,626	\$ 3,506	\$ 3,298	\$ 3,190	\$ 3,036	\$ 2,836	\$ 2,600	\$ 2,192
Central Carolina	\$ 3,476	\$ 3,380	\$ 3,308	\$ 3,020	\$ 2,920	\$ 2,900	\$ 2,700	\$ 2,500	\$ 2,500	\$ 2,092
Denmark	\$ 2,500	\$ 2,500	\$ 2,492	\$ 2,378	\$ 2,278	\$ 2,278	\$ 2,378	\$ 2,278	\$ 2,248	\$ 2,152
Florence-Darlington	\$ 3,658	\$ 3,526	\$ 3,302	\$ 3,190	\$ 3,190	\$ 3,190	\$ 3,026	\$ 2,986	\$ 2,976	\$ 2,112
Greenville	\$ 3,748	\$ 3,616	\$ 3,492	\$ 3,396	\$ 3,290	\$ 3,190	\$ 3,000	\$ 2,900	\$ 2,600	\$ 2,142
Horry-Georgetown	\$ 3,530	\$ 3,357	\$ 3,206	\$ 3,194	\$ 3,114	\$ 2,944	\$ 2,800	\$ 2,680	\$ 2,394	\$ 2,136
Midlands	\$ 3,706	\$ 3,680	\$ 3,608	\$ 3,360	\$ 3,244	\$ 3,100	\$ 3,004	\$ 2,908	\$ 2,836	\$ 2,192
Northeastern TC	\$ 3,438	\$ 3,342	\$ 3,342	\$ 3,270	\$ 2,982	\$ 2,646	\$ 2,526	\$ 2,346	\$ 2,346	\$ 2,092
Orangeburg-Calhoun	\$ 3,554	\$ 3,434	\$ 3,218	\$ 3,048	\$ 2,832	\$ 2,832	\$ 2,640	\$ 2,640	\$ 2,496	\$ 1,992
Piedmont	\$ 3,572	\$ 3,540	\$ 3,334	\$ 3,076	\$ 3,076	\$ 2,956	\$ 2,860	\$ 2,740	\$ 2,596	\$ 2,350
Spartanburg	\$ 3,740	\$ 3,576	\$ 3,434	\$ 3,314	\$ 3,194	\$ 3,094	\$ 2,902	\$ 2,806	\$ 2,660	\$ 2,132
TC of the Lowcountry	\$ 3,676	\$ 3,556	\$ 3,382	\$ 3,270	\$ 3,150	\$ 3,050	\$ 3,050	\$ 2,900	\$ 2,600	\$ 2,142
Tri-County	\$ 3,570	\$ 3,465	\$ 3,168	\$ 3,060	\$ 2,976	\$ 2,856	\$ 2,738	\$ 2,546	\$ 2,450	\$ 2,022
Trident	\$ 3,600	\$ 3,530	\$ 3,450	\$ 3,330	\$ 3,220	\$ 3,114	\$ 2,950	\$ 2,688	\$ 2,446	\$ 2,092
Williamsburg	\$ 3,438	\$ 3,264	\$ 3,042	\$ 2,942	\$ 2,830	\$ 2,830	\$ 2,692	\$ 2,692	\$ 2,112	\$ 2,112
York	\$ 3,627	\$ 3,496	\$ 3,352	\$ 3,244	\$ 3,124	\$ 3,124	\$ 3,036	\$ 2,886	\$ 2,736	\$ 2,108
<b>Two-Year Regional Campus of USC</b>										
<b>In State</b>										
USC - Lancaster	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080
USC - Salkehatchie	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080
USC - Sumter	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080
USC - Union	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080

Source: South Carolina Commission on Higher Education

**ANNUAL TUITION AND FEES**  
**SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – OUT OF STATE**  
**Last Ten Academic Years**  
(Continued)

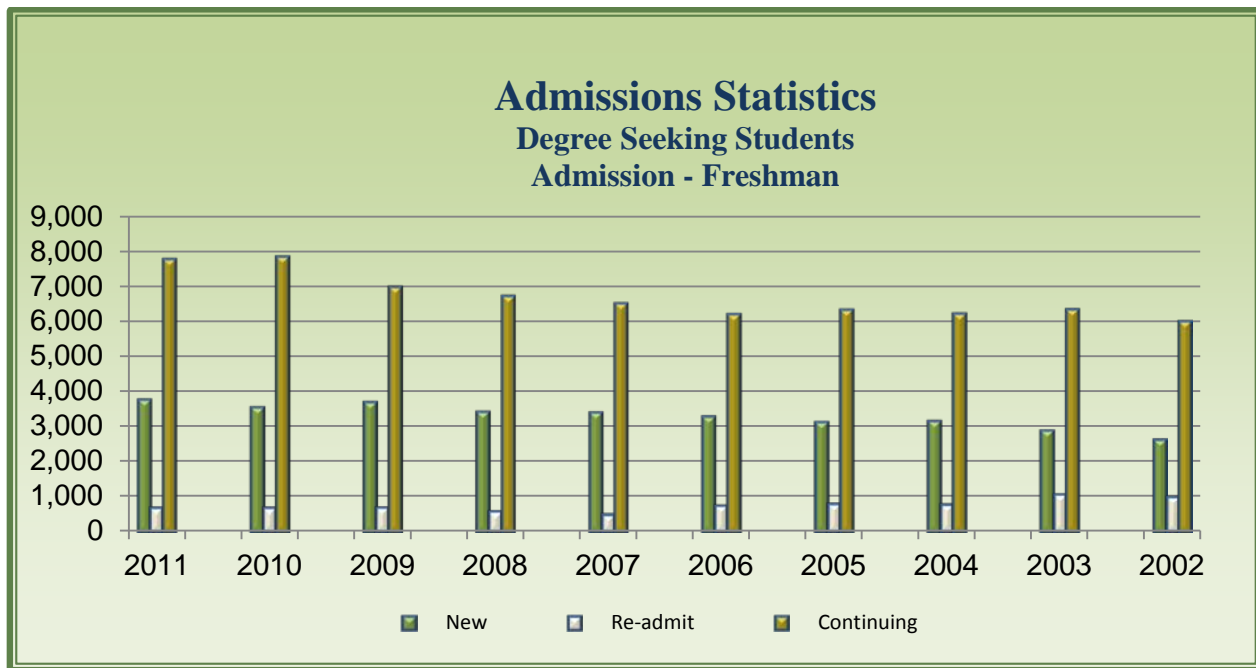
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Technical Colleges</b>										
<b>Out of State</b>										
Aiken	\$ 10,130	\$ 10,130	\$ 10,130	\$ 9,794	\$ 9,222	\$ 8,906	\$ 8,518	\$ 7,942	\$ 7,300	\$ 4,124
Central Carolina	\$ 6,042	\$ 5,872	\$ 5,744	\$ 5,372	\$ 5,176	\$ 5,156	\$ 4,800	\$ 5,118	\$ 5,118	\$ 4,604
Denmark	\$ 4,780	\$ 4,780	\$ 4,676	\$ 4,466	\$ 4,366	\$ 4,366	\$ 4,466	\$ 4,466	\$ 4,036	\$ 4,144
Florence-Darlington	\$ 5,754	\$ 5,622	\$ 5,398	\$ 5,286	\$ 5,286	\$ 5,286	\$ 5,122	\$ 5,082	\$ 5,072	\$ 4,208
Greenville	\$ 7,660	\$ 7,372	\$ 7,116	\$ 6,912	\$ 6,698	\$ 6,490	\$ 6,110	\$ 5,900	\$ 5,550	\$ 4,542
Horry-Georgetown	\$ 5,794	\$ 5,354	\$ 5,046	\$ 5,034	\$ 4,914	\$ 4,408	\$ 4,408	\$ 4,288	\$ 4,248	\$ 4,248
Midlands	\$ 10,714	\$ 10,640	\$ 10,474	\$ 9,840	\$ 9,532	\$ 9,100	\$ 8,812	\$ 8,524	\$ 8,308	\$ 6,436
Northeastern TC	\$ 5,982	\$ 5,886	\$ 5,886	\$ 5,886	\$ 5,454	\$ 5,118	\$ 4,110	\$ 3,936	\$ 3,936	\$ 3,700
Orangeburg-Calhoun	\$ 6,218	\$ 6,218	\$ 6,218	\$ 4,488	\$ 4,464	\$ 4,464	\$ 4,464	\$ 4,464	\$ 4,464	\$ 3,940
Piedmont	\$ 5,180	\$ 5,148	\$ 4,942	\$ 4,684	\$ 4,684	\$ 4,564	\$ 4,468	\$ 4,372	\$ 4,252	\$ 3,748
Spartanburg	\$ 7,616	\$ 7,338	\$ 7,196	\$ 7,048	\$ 6,110	\$ 5,988	\$ 5,490	\$ 5,370	\$ 5,200	\$ 4,332
TC of the Lowcountry	\$ 8,020	\$ 7,760	\$ 7,436	\$ 7,082	\$ 6,912	\$ 5,932	\$ 5,932	\$ 3,860	\$ 3,860	\$ 3,860
Tri-County	\$ 7,944	\$ 7,767	\$ 7,032	\$ 6,786	\$ 6,594	\$ 6,348	\$ 6,084	\$ 5,916	\$ 5,820	\$ 5,510
Trident	\$ 6,814	\$ 6,682	\$ 6,532	\$ 6,308	\$ 6,100	\$ 5,898	\$ 5,586	\$ 5,274	\$ 4,976	\$ 4,492
Williamsburg	\$ 6,642	\$ 6,282	\$ 5,850	\$ 5,642	\$ 5,292	\$ 5,292	\$ 4,990	\$ 4,990	\$ 4,968	\$ 3,912
York	\$ 8,176	\$ 7,864	\$ 7,528	\$ 7,288	\$ 7,000	\$ 7,000	\$ 6,664	\$ 6,336	\$ 6,016	\$ 5,204
<b>Two-Year Regional Campuses of USC</b>										
<b>Out of State</b>										
USC - Lancaster	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680	\$ 11,780	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328
USC - Salkehatchie	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680	\$ 11,780	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328
USC - Sumter	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680	\$ 11,780	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328
USC - Union	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680	\$ 11,780	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328

Source: South Carolina Commission on Higher Education

## MIDLANDS TECHNICAL COLLEGE

### ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS Last Ten Academic Years

	<u>Academic Year Beginning in Fall</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Degree Seeking Students</b>										
<b>Admission - Freshman</b>										
New	3,772	3,552	3,692	3,416	3,402	3,281	3,126	3,154	2,885	2,624
Re-admit	659	657	669	554	472	721	773	752	1,038	959
Continuing	<u>7,793</u>	<u>7,869</u>	<u>6,998</u>	<u>6,737</u>	<u>6,532</u>	<u>6,221</u>	<u>6,344</u>	<u>6,238</u>	<u>6,358</u>	<u>6,014</u>
Total	12,224	12,078	11,359	10,707	10,406	10,223	10,243	10,144	10,281	9,597



*Notes:*

*Midlands Technical College has an open enrollment policy.*

*All figures are unduplicated unless otherwise stated.*

## MIDLANDS TECHNICAL COLLEGE

**ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS**  
**Last Ten Academic Years**  
**(continued)**

	<u>Academic Year Beginning in Fall</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Enrollment (Credit Programs Only)</b>										
Undergraduate FTE	9,209	9,275	9,306	8,520	8,005	7,822	7,770	7,807	7,710	7,544
Undergraduate headcount	17,486	17,355	17,440	16,490	15,602	15,426	15,551	15,460	15,317	15,002
Percentage of men	39%	39%	39%	38%	38%	37%	37%	37%	38%	39%
Percentage of women	61%	61%	61%	62%	62%	63%	63%	63%	62%	61%
Percentage of African-American	38%	33%	37%	36%	35%	37%	37%	37%	36%	36%
Percentage of Hispanic	3%	2%	2%	2%	3%	2%	2%	2%	2%	2%
Percentage of white	53%	49%	54%	54%	56%	55%	55%	54%	55%	53%
Percentage of other	6%	16%	7%	7%	6%	6%	6%	7%	7%	9%
<b>Degrees Granted</b>										
			<i>(Based on IPEDS terms beginning Summer, Fall, Spring)</i>							
Associate Degree	1,006	917	779	815	904	824	872	844	828	827
Diploma	127	87	87	126	116	80	93	113	93	110
Certificate	832	781	917	725	680	679	732	805	799	675
Total Awarded	1965	1,785	1,783	1,666	1,700	1,583	1,697	1,762	1,720	1,612

*Notes:**Midlands Technical College has an open enrollment policy.**All figures are unduplicated unless otherwise stated.***Schedule 8**

# MIDLANDS TECHNICAL COLLEGE

## CREDIT STUDENT ENROLLMENT PERCENTAGES BY COUNTY Last Ten Fall Terms

### Historic County of Residence

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Richland	48%	47%	47%	47%	48%	48%	48%	47%	47%	47%
Lexington	35%	35%	34%	34%	34%	35%	35%	35%	35%	35%
Fairfield	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Other	<u>15%</u>	<u>16%</u>	<u>17%</u>	<u>17%</u>	<u>16%</u>	<u>15%</u>	<u>15%</u>	<u>16%</u>	<u>16%</u>	<u>16%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

### Historic Campus of Attendance\*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Airport	48%	49%	49%	50%	51%	51%	52%	52%	50%	50%
Beltline	40%	40%	40%	39%	39%	39%	39%	40%	42%	43%
Other	<u>12%</u>	<u>11%</u>	<u>11%</u>	<u>11%</u>	<u>10%</u>	<u>10%</u>	<u>9%</u>	<u>8%</u>	<u>8%</u>	<u>7%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

### Historic Average Age

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Average Age	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>

*\*NOTE: Does not include Harbison Campus, which offers continuing education courses only*

*Source: Midlands Technical College Student Information System database*



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## DEBT CAPACITY

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## MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT AND NOTE PAYABLE  
Last Ten Fiscal Years

	For the Year Ended June 30,				
	2012	2011	2010	2009	2008
General obligation bonds*	\$ 29,205	\$ 30,460	\$ 16,110	\$ 16,735	\$ 17,335
Note Payable	30	41	—	64	126
<b>Total outstanding debt</b>	<u>\$ 29,235</u>	<u>\$ 30,501</u>	<u>\$ 16,110</u>	<u>\$ 16,799</u>	<u>\$ 17,461</u>
Full-time equivalent students					
Credit	9,104	8,941	8,386	7,846	7,775
Corporate and Continuing Education	843	766	727	667	649
<b>Total enrollment</b>	<u>9,947</u>	<u>9,707</u>	<u>9,113</u>	<u>8,513</u>	<u>8,424</u>
<b>Outstanding debt per FTE</b>	\$ 2,939	\$ 3,142	\$ 1,768	\$ 1,973	\$ 2,072

Notes: Corporate and Continuing Education contact hours converted to full-time equivalent enrollment

Source: Midlands Technical College Comprehensive Annual Financial Reports  
Formula Computation Allocation Worksheet provided by the System Office for years presented

\*Dollars in thousands

Schedule 9 (continued)

**MIDLANDS TECHNICAL COLLEGE**

**SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT AND NOTE PAYABLE  
Last Ten Fiscal Years**

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
General obligation bonds*	\$ 17,910	\$ 8,330	\$ 8,725	\$ 9,105	\$ 9,460
Note Payable	186	244	300	—	—
<b>Total outstanding debt</b>	<u>\$ 18,096</u>	<u>\$ 8,574</u>	<u>\$ 9,025</u>	<u>\$ 9,105</u>	<u>\$ 9,460</u>
Full-time equivalent students					
Credit	7,802	7,741	7,539	7,786	6,957
Corporate and Continuing Education	628	626	658	679	712
<b>Total enrollment</b>	<u>8,430</u>	<u>8,367</u>	<u>8,197</u>	<u>8,465</u>	<u>7,669</u>
<b>Outstanding debt per FTE</b>	\$ 2,147	\$ 1,025	\$ 1,101	\$ 1,076	\$ 1,234

Notes: Corporate and Continuing Education contact hours converted to full-time equivalent enrollment

Source: Midlands Technical College Comprehensive Annual Financial Reports  
Formula Computation Allocation Worksheet provided by the System Office for years presented

\*Dollars in thousands

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF BOND COVERAGE Last Ten Fiscal Years

### General Obligation Bonds

Fiscal Year Ended June 30,	Budgeted Capital Fees	Debt Service Requirements				Coverage Ratio
		Total Revenue Available for Debt Service	Principal	Interest	Total	
2012	\$ 2,890,918	\$ 2,890,918	\$ 1,255,000	\$ 1,298,260	\$ 2,553,260	1.13
2011	1,850,025	1,850,025	650,000	691,785	1,341,785	1.38
2010	1,347,947	1,347,947	625,000	717,630	1,342,630	1.00
2009	1,347,947	1,347,947	600,000	742,299	1,342,299	1.00
2008	1,800,000	1,800,000	575,000	764,843	1,339,843	1.34
2007	1,800,000	1,800,000	420,000	355,818	775,818	2.32
2006	1,800,000	1,800,000	395,000	370,968	765,968	2.35
2005	1,493,820	1,493,820	380,000	385,393	765,393	1.95
2004	1,132,000	1,132,000	355,000	402,703	757,703	1.49
2003	1,132,000	1,132,000	215,000	486,370	701,370	1.61

Source: Midlands Technical College Finance and Accounting Office

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## DEMOGRAPHIC AND ECONOMIC INFORMATION

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

	<u>Population in College's Service Area</u> <sup>a</sup>			<u>Total Annual Personal Income</u>				<u>Unemployment Rate</u>			
	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>South Carolina</u>	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>South Carolina</u>
				<sup>b</sup>	<sup>b</sup>	<sup>b</sup>		<sup>d</sup>	<sup>d</sup>	<sup>d</sup>	<sup>e</sup>
2011	389,116	267,129	23,571				33,673	9.20%	7.80%	12.40%	10.30%
2010	374,922	258,887	33,991	35,266	34,456	29,602	32,462	9.60%	8.10%	13.40%	11.20%
2009	372,023	255,607	23,343	36,302	33,996	27,395	31,799	9.60%	8.40%	13.40%	11.70%
2008	364,007	248,518	23,435	36,006	35,960	27,263	31,884	6.10%	4.90%	10.80%	6.90%
2007	357,734	243,270	23,333	34,434	34,744	25,725	31,103	5.50%	4.40%	8.60%	5.90%
2006	348,226	240,160	23,810	33,157	33,645	25,427	30,041	5.80%	4.70%	8.80%	6.50% <sup>c</sup>
2005	340,078	235,272	24,047	31,518	31,575	23,926	28,292	5.90%	4.90%	7.80%	6.70% <sup>f</sup>
2004	335,597	230,861	24,144	30,190	31,282	22,524	27,069	6.00%	4.90%	8.00%	6.90%
2003	331,858	226,984	23,827	28,628	29,633	21,414	25,873	5.60%	4.50%	10.60%	6.80%
2002	327,830	222,723	23,884	28,166	29,034	21,024	25,364	4.80%	4.00%	8.60%	5.40%

### Sources:

<sup>a</sup> South Carolina Department of Employment & Workforce

<sup>b</sup> Data not available for 2012

<sup>c</sup> 2006 Total Annual Personal Income is from the Bureau of Economic Analysis

<sup>d</sup> U.S. Department of Labor, Bureau of Labor Statistics, County Data

<sup>e</sup> U.S. Census Bureau, Statistical Abstract of the United States

<sup>f</sup> Labor Market Info Online - Labor Force not seasonally adjusted data

<sup>g</sup> Bureau of Economic Analysis

**Schedule 12**

**MIDLANDS TECHNICAL COLLEGE  
PRINCIPAL EMPLOYERS BY COUNTY  
June 30, 2012**

<b>County</b>		
<b>Richland</b>	<b>Lexington</b>	<b>Fairfield</b>
BlueCross BlueShield of South Carolina	Babcock Center Inc.	BI-LO INC.
Cellco Partnership	Brandi Inc.	Fairfield County Board of Disabilities
City of Columbia	Food Lion LLC	Fairfield County Council
Computer Sciences Corporation	House of Raeford Farms Inc.	Fairfield County School District
Department of Defense	Lexington County Gov't	Fairfield Healthcare Center LLC
Palmetto GBA LLC	Lexington County Health Service District	Fairfield Memorial Hospital
Palmetto Health	Lexington County School District #1	Guardian Fiberglass Corporation
Richland County	Lexington County School District #2	Heritage Healthcare of Ridgeway LLC
Richland County School District 1	Lexington County School District #4	Lang Mekra North America LLC
Richland County School District 2	Lexington County School District #5	Performance Fibers Operations Inc.
SC Department of Transportation	Lexmed Inc.	SCE&G
SC Department of Corrections	Lowes Home Centers Inc.	Shaw Constructors
SC Department of Health & Human Services	Michelin North America Inc.	Stone & Webster Services LLC
SC Department of Mental Health	Richland County Commission For Tech	The Ben Arnold-Sunbelt Beverage
SCANA Services Inc	Southeastern Freight Lines Inc	The Blythewood Oil Company Inc.
Sisters of Charity Providence Hospital	Staffing Solutions Southeast Inc	The Wackennut Corporation
Univerisy of SC	Teleperformance USA Inc	Town of Winnsboro
Wal-Mart Associates, Inc.	United Parcel Service	United Hospice Inc.
Wells Fargo & Company Inc	US Foodservice Inc.	Wal-Mart Associates Inc.
WJBD VA Medical Center	Wal-Mart Associates Inc.	Winnsboro Petroleum Company Inc.

*Note: Due to confidentiality issues, the number of employees for each company is not available. The employers are listed alphabetically and not in order of size.*

*Source: South Carolina Employment Security Commission*

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# OPERATING INFORMATION

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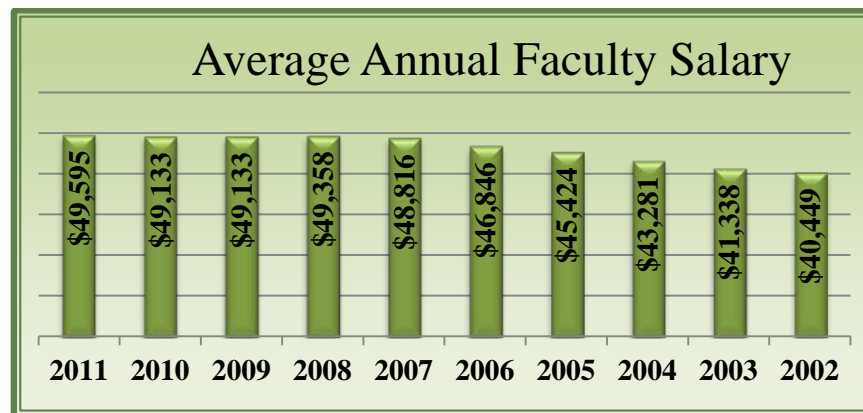
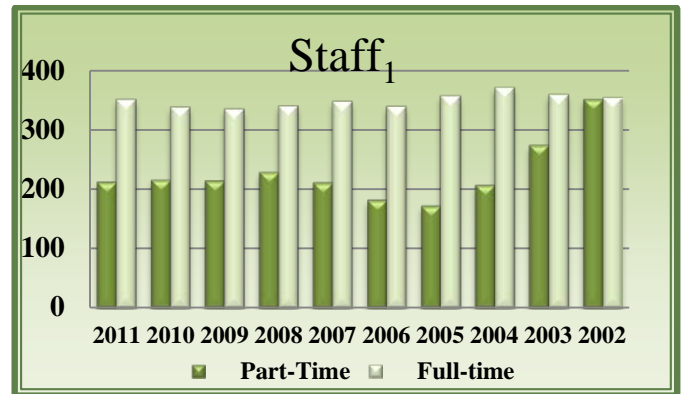
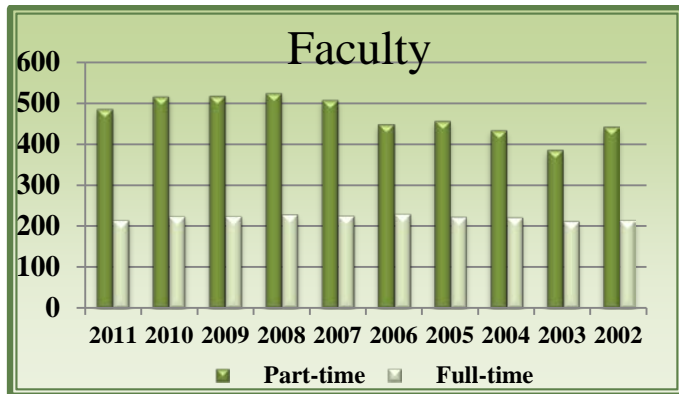


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# MIDLANDS TECHNICAL COLLEGE

## FACULTY AND STAFF STATISTICS Last Ten Fiscal Years

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Faculty										
Part-time	487	519	517	526	509	450	458	435	387	444
Full-time	214	224	224	229	225	230	223	221	212	214
Staff <sup>1</sup>										
Part-time	213	215	217	230	212	183	173	208	275	352
Full-time	352	336	339	341	349	340	358	372	360	355
Total Employees	1266	1294	1297	1326	1295	1203	1212	1236	1234	1365
Part-time	700	734	734	756	721	633	631	643	662	796
Full-time	566	560	563	570	574	570	581	593	572	569
Average Annual Faculty Salary	\$49,595	\$49,133	\$49,133	\$49,358	\$48,816	\$46,846	\$45,424	\$43,281	\$41,338	\$40,449



Source: Integrated Postsecondary Education Data System (IPEDS) data for years indicated

Note:<sup>1</sup> Includes administrators  
Data not available for 2012.

**Schedule 14**

**MIDLANDS TECHNICAL COLLEGE**

**SCHEDULE OF CAPITAL ASSET INFORMATION BY FUNCTION**  
**Last Five Fiscal Years**

	<u>2011</u>	<u>2010</u>	<u>2009<sup>1</sup></u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction								
Assignable Square Feet	348,678	342,550	330,758	330,442	327,371	331,243	331,243	331,897
Percent Use	56.21%	55.77%	55.05%	55.13%	55.31%	55.55%	55.55%	55.64%
Public Service								
Assignable Square Feet	575	575	575	575	575	575	575	575
Percent Use	0.09%	0.09%	0.10%	0.10%	0.10%	0.08%	0.08%	0.08%
Academic Support								
Assignable Square Feet	29,099	29,099	29,099	29,099	28,209	28,209	28,209	28,209
Percent Use	4.69%	4.74%	4.84%	4.85%	4.77%	4.73%	4.73%	4.73%
Student Services								
Assignable Square Feet	43,293	43,293	43,293	42,669	41,159	41,159	41,159	41,159
Percent Use	6.98%	7.05%	7.21%	7.12%	6.95%	6.90%	6.90%	6.90%
Institutional Support								
Assignable Square Feet	47,711	47,711	47,711	47,895	47,770	47,507	45,507	45,507
Percent Use	7.69%	7.77%	7.94%	7.99%	8.07%	7.97%	7.97%	7.97%
Plant Operations and Maintenance								
Assignable Square Feet	116,127	116,127	114,527	113,875	112,047	112,839	112,839	112,408
Percent Use	18.72%	18.91%	19.06%	19.00%	18.93%	18.92%	18.92%	18.85%
Auxiliary Enterprises								
Assignable Square Feet	34,876	34,876	34,876	34,876	34,712	34,712	34,712	34,712
Percent Use	5.62%	5.68%	5.80%	5.82%	5.87%	5.82%	5.82%	5.82%
Total	620,359	614,231	600,839	599,431	591,843	596,244	596,244	596,446
Unassigned	6,961	6,961	6,961	6,961	6,961	6,961	6,961	6,961
Parking Facilities								
Parking spaces available	4,535	4,461	4,460	4,460	4,354	4,271	4,271	4,271
Number of employees	689	998	998	998	981	1,203	1,212	1,236
Number of students <sup>2</sup>	3,846	3,472	3,472	3,472	3,373	3,068	3,059	3,085

<sup>1</sup> Latest available data

<sup>2</sup> Students park in spaces not designated

Note: All campuses are included.

Source: South Carolina Commission on Higher Education

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## OTHER INFORMATION

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# **MIDLANDS TECHNICAL COLLEGE**

## **COLLEGE ACCREDITATION AS OF JUNE 30, 2012**

Midlands Technical College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award associate degrees, diplomas and certificates. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call 404-679-4500 for questions about the accreditation of Midlands Technical College.

### **Program Approval and Accreditations**

The Legal Assistant/Paralegal program is approved respectively by:

- American Bar Association

The Nursing programs are approved by:

- South Carolina Board of Nursing

Specific programs are accredited by:

- American Society of Health-System Pharmacists (ASHP)
- Accreditation Council for Business Schools and Programs (ACBSP)
- Commission on Dental Accreditation of the American Dental Association (CODA-ADA)
- Commission on Accreditation in Physical Therapy Education (CAPTE)
- Commission on the Accreditation for Health Informatics and Information Management (CAHIIM)
- Commission on Accreditation for Respiratory Care (COARC)
- Council on Accreditation of Allied Health Education Programs (CAAHEP)
  - Accreditation Review Council on Education in Surgical Technology and Surgical Assisting (ARC-STSA)
  - Medical Assisting Education Review Board (MAERB)
- Joint Review Committee on Educational Programs in Nuclear Medicine Technology (JRCNMT)
- Joint Review Committee on Education in Radiologic Technology (JRCERT)
- National Accrediting Agency for Clinical Laboratory Sciences (NAACLS)
- National Association for the Education of Young Children (NAEYC)
- National Automotive Technicians Education Foundation (NATEF)
- National Council for Standards in Human Services Education (NCSHSE)
- National Institute for Metalworking Skills (NIMS)
- National League for Nursing Accrediting Commission (NLNAC)
- Printing Industries of America (PIA)
- South Carolina Board of Nursing (SCBN)
- Technology Accreditation Commission of the Accreditation Board for Engineering and Technology; Architectural, Civil and Electronics Engineering Technology (ABET)

### **STATEMENT OF NONDISCRIMINATION**

Midlands Technical College does not discriminate in admissions or employment on the basis of race, sex, national origin or ethnic group, color, age, religion, disability, genetic information, military service, or pregnancy. In compliance with Title VII of the Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972, Sections 503 and 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1992, and the Genetic Information Nondiscrimination Act of 2008 (GINA), Midlands Technical College offers access and equal opportunity in its admissions policies, academic programs and services, and employment of disabled individuals in that no otherwise qualified person will be denied these provisions on the basis of a disability. Dr. Ronald L. Rhames has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the Department of Justice regulations, Sections 503 and 504 of the Rehabilitation Act of 1973, and Title VII and Title IX regulations. Information concerning the provisions of the American with Disabilities Act and the rights and privileges thereunder are available from Dr. Rhames in his position as the Senior Vice President for Business Affairs and Compliance Officer for Affirmative Action, Equal Opportunity, Sexual Harassment and Disability Action. He can be reached at Midlands Technical College, P.O. Box 2408, Columbia, SC 29202, (803) 822-3261.

### **STATEMENT OF GAINFUL EMPLOYMENT**

For information about MTC graduation rates, the median debt of students who completed their programs, and other information, please visit our website at [midlandstech.edu/gep](http://midlandstech.edu/gep).

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## **FEDERAL AWARDS**

### **Single Audit and other Compliance Reports Section**

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MIDLANDS TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AS OF JUNE 30, 2012

	<u>Federal CFDA Number</u>	<u>Program Year</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue at 7/1/2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued Revenue at 6/30/2012</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>							
<b>Student Financial Assistance Cluster</b>							
9840221 Federal Supplemental Educational Opportunity Grants (SEOG)	84.007A	10/11	\$ 402,492	\$ 2,856	\$ (2,856)	\$ -	\$ -
9840222 Federal Supplemental Educational Opportunity Grants (SEOG)	84.007A	11/12	434,459	-	(427,861)	434,459	6,598
			<b>836,951</b>	<b>2,856</b>	<b>(430,717)</b>	<b>434,459</b>	<b>6,598</b>
9840100 Federal Work-Study Program (CWS)	84.033A	11/12	48,221	3,742	(45,202)	45,218	3,758
9840120 Federal Work-Study Program (CWS)	84.033A	11/12	433,991	32,563	(392,970)	396,939	36,532
9840131 Federal Work-Study Program (CWS-Summer)	84.033A	10/11	35,148	-	(35,148)	35,148	-
			<b>517,360</b>	<b>36,305</b>	<b>(473,320)</b>	<b>477,305</b>	<b>40,290</b>
9840321 Federal Pell Grant Program	84.063	10/11	23,000,000	94,812	(105,186)	10,374	-
9840322 Federal Pell Grant Program	84.063	11/12	25,000,000	-	(26,534,442)	26,509,282	(25,160)
			<b>48,000,000</b>	<b>94,812</b>	<b>(26,639,628)</b>	<b>26,519,656</b>	<b>(25,160)</b>
9843751 Academic Competitiveness Grant	84.375	10/11	450,000	11,796	(11,328)	(468)	-
			<b>450,000</b>	<b>11,796</b>	<b>(11,328)</b>	<b>(468)</b>	<b>-</b>
9090021 Federal Direct Student Loans	84.268	10/11	149,374	277,513	(426,887)	149,374	-
9090022 Federal Direct Student Loans	84.268	11/12	25,000,000	-	(25,860,809)	25,824,698	(36,111)
9090051 Federal Direct Student Loans (PLUS)	84.268	10/11	2,808	5,660	(8,468)	2,808	-
9090052 Federal Direct Student Loans (PLUS)	84.268	11/12	450,000	-	(335,623)	335,623	-
			<b>25,602,182</b>	<b>283,173</b>	<b>(26,631,787)</b>	<b>26,312,503</b>	<b>(36,111)</b>
<b>Total Student Financial Assistance Cluster</b>			<b>75,406,493</b>	<b>428,942</b>	<b>(54,186,780)</b>	<b>53,743,455</b>	<b>(14,383)</b>
<b>TRIO Cluster</b>							
9842111 TRIO-Upward Bound	84.047A	10/11	296,334	91,960	(140,262)	53,031	4,729
9842112 TRIO-Upward Bound	84.047A	11/12	287,148	-	(151,750)	226,269	74,519
			<b>583,482</b>	<b>91,960</b>	<b>(292,012)</b>	<b>279,300</b>	<b>79,248</b>
9842211 TRIO-Talent Search	84.044A	10/11	355,928	25,846	(91,926)	66,080	-
9842212 TRIO-Talent Search	84.044A	11/12	355,928	-	(256,554)	290,851	34,297
			<b>711,856</b>	<b>25,846</b>	<b>(348,480)</b>	<b>356,931</b>	<b>34,297</b>
9842311 TRIO-Student Support Services (SSS)	84.042A	10/11	290,517	23,010	(79,801)	56,791	-
9842312 TRIO-Student Support Services (SSS)	84.042A	11/12	281,511	-	(201,173)	233,802	32,629
			<b>572,028</b>	<b>23,010</b>	<b>(280,974)</b>	<b>290,593</b>	<b>32,629</b>
9842410 TRIO-Educational Opportunity Center (EOC)	84.066A	09/10	226,600	1,358	(1,358)	-	-
9842411 TRIO-Educational Opportunity Center (EOC)	84.066A	10/11	226,600	19,438	(73,843)	54,405	-
9842412 TRIO-Educational Opportunity Center (EOC)	84.066A	11/12	230,000	-	(146,730)	167,281	20,551
			<b>683,200</b>	<b>20,796</b>	<b>(221,931)</b>	<b>221,686</b>	<b>20,551</b>
<b>Total TRIO Cluster</b>			<b>2,550,566</b>	<b>161,612</b>	<b>(1,143,397)</b>	<b>1,148,510</b>	<b>166,725</b>

MIDLANDS TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AS OF JUNE 30, 2012

	Federal CFDA Number	Program Year	Program or Award Amount	Accrued Revenue at 7/1/2011	Receipts	Disbursements	Accrued Revenue at 6/30/2012
9841711 Higher Education Institutional Aid, Title III	84.031A	10/11	432,817	47,154	(182,537)	135,383	-
			<b>432,817</b>	<b>47,154</b>	<b>(182,537)</b>	<b>135,383</b>	<b>-</b>
<b>Passed Through S.C. Department of Education</b>							
9843003 Career & Technical Education, Perkins IV (12VA409)	84.048	11/12	534,719	188,988	(599,116)	509,188	99,060
<b>Total Passed Through S.C. Department of Education</b>			<b>534,719</b>	<b>188,988</b>	<b>(599,116)</b>	<b>509,188</b>	<b>99,060</b>
<b>Passed Through the University of South Carolina</b>							
9843251 Special Education-Personnel Development	84.325N	10/11	29,918	1,594	(8,883)	7,289	-
9843252 Special Education-Personnel Development	84.325N	11/12	15,985	-	(11,712)	13,727	2,015
<b>Total Passed Through the University of South Carolina</b>			<b>45,903</b>	<b>1,594</b>	<b>(20,595)</b>	<b>21,016</b>	<b>2,015</b>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>78,970,498</b>	<b>828,290</b>	<b>(56,132,425)</b>	<b>55,557,552</b>	<b>253,417</b>
<b>U.S. DEPARTMENT OF LABOR</b>							
9172682 H-1B Training Grants, Growing Resources for Information Technology (GRIT)	17.268	11/12	5,000,000	-	(2,253)	4,547	2,294
<b>Passed Through Midlands Workforce Development Board</b>							
9170522 WIA-Youth Activities (11Y694C1)	17.259	11/12	352,136	26,638	(137,155)	132,897	22,380
<b>Total Passed Through Midlands Workforce Development Board</b>			<b>352,136</b>	<b>26,638</b>	<b>(137,155)</b>	<b>132,897</b>	<b>22,380</b>
<b>Passed Through Florence-Darlington Technical College</b>							
9172822 Trade Adjustment Assistance Community College & Career Training Grant, ASSIST	17.282	11/12	259,852	-	(248)	393	145
<b>Total Passed Through Florence-Darlington Technical College</b>			<b>259,852</b>	<b>-</b>	<b>(248)</b>	<b>393</b>	<b>145</b>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>5,611,988</b>	<b>26,638</b>	<b>(139,656)</b>	<b>137,837</b>	<b>24,819</b>
<b>NATIONAL SCIENCE FOUNDATION</b>							
<b>Passed Through South Carolina State University</b>							
9470110 Education and Human Resources Grant, SCAMP	47.076	09/10	35,458	3,000	(3,000)	-	-
9470111 Education and Human Resources Grant, SCAMP	47.076	10/11	33,978	5,360	(19,655)	14,295	-
9470112 Education and Human Resources Grant, SCAMP	47.076	11/12	33,978	-	(12,258)	14,418	2,160
<b>Total Passed Through South Carolina State University</b>			<b>103,414</b>	<b>8,360</b>	<b>(34,913)</b>	<b>28,713</b>	<b>2,160</b>
<b>Passed Through the University of South Carolina</b>							
9470761 Education and Human Resources Grant, NOYCE	47.076	10/11	2,435	409	(815)	406	-
9470762 Education and Human Resources Grant, NOYCE	47.076	11/12	2,435	-	(1,458)	2,094	636
<b>Total Passed Through the University of South Carolina</b>			<b>4,870</b>	<b>409</b>	<b>(2,273)</b>	<b>2,500</b>	<b>636</b>
<b>Passed Through Sensor Electronic Technologies</b>							
9470710 Engineering Grants, Sensor Electronic Technologies	47.041	09/10	30,000	14,548	(14,548)	-	-
<b>Total Passed Through Sensor Electronic Technologies</b>			<b>30,000</b>	<b>14,548</b>	<b>(14,548)</b>	<b>-</b>	<b>-</b>

**MIDLANDS TECHNICAL COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF JUNE 30, 2012**

	<u>Federal CFDA Number</u>	<u>Program Year</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue at 7/1/2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued Revenue at 6/30/2012</u>
<b>Passed Through Indian River Community College</b>							
9477612 Education and Human Resources Grant, RCNET	47.076	11/12	105,660	-	(11,890)	26,720	14,830
<b>Total Passed Through Indian River Community College</b>			<b>105,660</b>	<b>-</b>	<b>(11,890)</b>	<b>26,720</b>	<b>14,830</b>
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>							
			<b>243,944</b>	<b>23,317</b>	<b>(63,624)</b>	<b>57,933</b>	<b>17,626</b>
<b>NUCLEAR REGULATORY COMMISSION</b>							
9770060 Nuclear Education Grant Program, Curriculum Development	77.006	10/11	198,665	7,483	(93,424)	93,762	7,821
<b>TOTAL NUCLEAR REGULATORY COMMISSION</b>			<b>198,665</b>	<b>7,483</b>	<b>(93,424)</b>	<b>93,762</b>	<b>7,821</b>
<b>U.S. DEPARTMENT OF ENERGY</b>							
9811212 Nuclear Energy Research, Development and Demonstration	81.121	11/12	123,000	-	(42,100)	93,632	51,532
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<b>123,000</b>	<b>-</b>	<b>(42,100)</b>	<b>93,632</b>	<b>51,532</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<b>Passed Through South Carolina First Steps</b>							
9843201 Childcare and Development Block Grant, TEACH Bins	93.575	11/12	9,642	(1,642)	(8,000)	4,176	(5,466)
9843210 Childcare and Development Block Grant, TEACH CE	93.575	11/12	4,087	(2,087)	(2,000)	2,132	(1,955)
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>13,729</b>	<b>(3,729)</b>	<b>(10,000)</b>	<b>6,308</b>	<b>(7,421)</b>
<b>DEPARTMENT OF JUSTICE</b>							
<b>Passed Through South Carolina Department of Public Safety, Office of Justice Programs</b>							
9166072 Bulletproof Vest Partnership Program	16.607	11/12	712	-	-	712	712
<b>TOTAL DEPARTMENT OF JUSTICE</b>			<b>712</b>	<b>-</b>	<b>-</b>	<b>712</b>	<b>712</b>
<b>AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA) FUNDS</b>							
<b>Passed Through the South Carolina Energy Office</b>							
9810410 State Energy Program, SCEO ARRA 75% Grant Funds**	81.041	09/10	175,728	109,673	(130,739)	50,808	29,742
<b>Total Passed Through the South Carolina Energy Office</b>			<b>175,728</b>	<b>109,673</b>	<b>(130,739)</b>	<b>50,808</b>	<b>29,742</b>
<b>Passed Through South Carolina Technical College System</b>							
9115570 Broadband Technology Opportunities Program (BTOP)	11.557	09/10	408,521	-	(27,798)	27,798	-
9371311 Childcare and Development Block Grant, DSS Grant	93.713	10/11	20,000	(5,941)	-	5,941	-
9371811 Health Information Technology (HIT) Regional Extension Center	93.718	11/12	12,500	-	(12,500)	12,500	-
<b>Total Passed Through the South Carolina Technical College System</b>			<b>441,021</b>	<b>(5,941)</b>	<b>(40,298)</b>	<b>46,239</b>	<b>-</b>
<b>TOTAL AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA) FUNDS</b>			<b>616,749</b>	<b>103,732</b>	<b>(171,037)</b>	<b>97,047</b>	<b>29,742</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 85,779,285</b>	<b>\$ 985,731</b>	<b>\$ (56,652,266)</b>	<b>\$ 56,044,783</b>	<b>\$ 378,248</b>

\*\*Note: 25% of these funds were a non-interest bearing loan to the college from the SC Energy Office. For FY 10/11, the college had receipts and disbursements of \$5,082 and \$41,640, respectively. For FY 11/12, the college had receipts and disbursements of \$43,580 and \$16,936, respectively.

**MIDLANDS TECHNICAL COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2012**

**1. Description**

Midlands Technical College (the College) has adopted the Federal Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (as revised). For purposes of implementing OMB Circular A-133, federal grant awards were made susceptible to audit and are included in the Schedule of Expenditures of Federal Awards.

**2. Summary of Significant Accounting Principles**

Basis of Presentation

The financial activity shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the College on the accrual basis, during its fiscal year July 1, 2011, through June 30, 2012.



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**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The President and Members of the Area Commission  
Midlands Technical College  
Columbia, South Carolina

We have audited the basic financial statements of Midlands Technical College (the "College") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether its financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Area Commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Rebecca J. Williamson, C.C.P.*

September 19, 2012

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**Independent Auditor's Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each  
Major Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133**

The President and Members of the Area Commission  
Midlands Technical College  
Columbia, South Carolina

Compliance

We have audited Midlands Technical College's (the "College") compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the Area Commission, management and the federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than those specified parties.

Robert J. Williamson, C.C.P.

September 19, 2012

## MIDLANDS TECHNICAL COLLEGE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

#### **Summary of Auditors' Results:**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Midlands Technical College.
2. No material weaknesses or significant deficiencies relating to the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Midlands Technical College were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of major federal awards is reported in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Midlands Technical College expresses an unqualified opinion.
6. No audit findings were reported relative to the major federal award programs for Midlands Technical College as depicted below in this schedule.
7. Major federal programs:
  - Student Financial Aid Cluster
    - Federal Supplemental Educational Opportunity Grants CFDA #84.007
    - Federal Work-Study Program CFDA #84.033
    - Federal Pell Grant Program CFDA #84.063
    - Academic Competitiveness Grants CFDA #84.375
    - Federal Family Education Loans CFDA #84.032
    - Federal Direct Student Loans CFDA #84.268
  - TRIO Cluster
    - Student Support Services CFDA #84.042
    - Talent Search CFDA #84.044
    - Upward Bound CFDA #84.047
    - Educational Opportunity Center CFDA #84.066
  - Career and Technical Education – Basic Grants to States CFDA #84.048

MIDLANDS TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

8. The threshold for distinguishing between Type A and Type B Programs was \$300,000.
9. Midlands Technical College did qualify as a low risk auditee.

**Financial Statement Findings:**

None were reported.

**Federal Awards Findings and Questioned Costs:**

No findings or questioned costs.

**Status of Prior Year Findings:**

None were reported.

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**Independent Accountant's Report on State Lottery Tuition Assistance**

The President and Members of the Area Commission  
Midlands Technical College  
Columbia, South Carolina

As a part of our examination of the financial statements of Midlands Technical College as of and for the year ended June 30, 2012, we reviewed the administrative procedures and internal control related to the State Lottery Tuition Assistance Program to determine that the College administered the program in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

A random sample of 25 students was selected from the College's list of financial aid recipients.

We reviewed the student records maintained by the financial aid office of each applicant randomly selected to determine that they contained all necessary information and documentation to determine eligibility. We also determined that any lottery tuition assistance awarded did not exceed the remaining cost of tuition and academic fees for the applicable semester after first applying Pell grants, Federal Supplemental Education Opportunity Grants, South Carolina Need-Based grants, and other applicable grants.

For students included in our sample not receiving funds from the Lottery Tuition Assistance Program, we determined that the students were granted the right to appeal the decision by submitting a written request to the institution's Director of Financial Aid, and determined that the students' requests were handled in accordance with the institution's financial aid procedures as reflected in the student's financial aid record.

We traced amounts to the student account detail to determine that the awarded amounts were identifiably credited to the student's account.

By analytical tools we tested all lottery recipients for the lottery award compliance with restrictions regarding limitations associated with other awards received, amounts received within each term, and eligibility criteria associated with the Life Scholarship program. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

In our opinion, the State Lottery Tuition Assistance Program has been administered in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

This report is intended solely for the use of management, the Area Commission for Midlands Technical College and management of the State Board for Technical and Comprehensive Education and should not be used by anyone other than these specified parties.

*Rebeck F. Williamson, C.C.P.*

September 19, 2012